

# Admiral Group plc 2023 Half Year Results

16<sup>th</sup> August 2023

## Overview

Milena Mondini de Focatiis, Group CEO

---

## Group Financials

Geraint Jones, Group CFO

---

## UK Insurance

Cristina Nestares, UK Insurance CEO

---

## International Insurance

Costantino Moretti, Head of International Insurance

---

## Admiral Money

Milena Mondini de Focatiis, Group CEO

---

## Strategic Outlook & Wrap Up

Milena Mondini de Focatiis, Group CEO

---

## Q&A

All

---




*Colleagues celebrating the 2023 Top 10 awards.  
We celebrate our brilliant people with regular colleague recognition events.*

# Overview

Milena Mondini de Focatiis, Group CEO

# Resilience and premium growth in a continued challenging environment

- Solid results in the context of a challenging market
- Premium growth across all businesses and geographies
- Customer growth continues in all businesses except UK and US motor
- Market pricing catching up as high inflation persists; and cycle is turning
- Continue to enhance data and tech capabilities and progress on diversification
- Successful transition to IFRS17
- Admiral remains disciplined and well positioned for future growth

 +21%

Admiral Group Turnover

 +4%

Admiral Group Customers

 £234m

Admiral Group pre-tax profit

 182%

Admiral Group Solvency Ratio

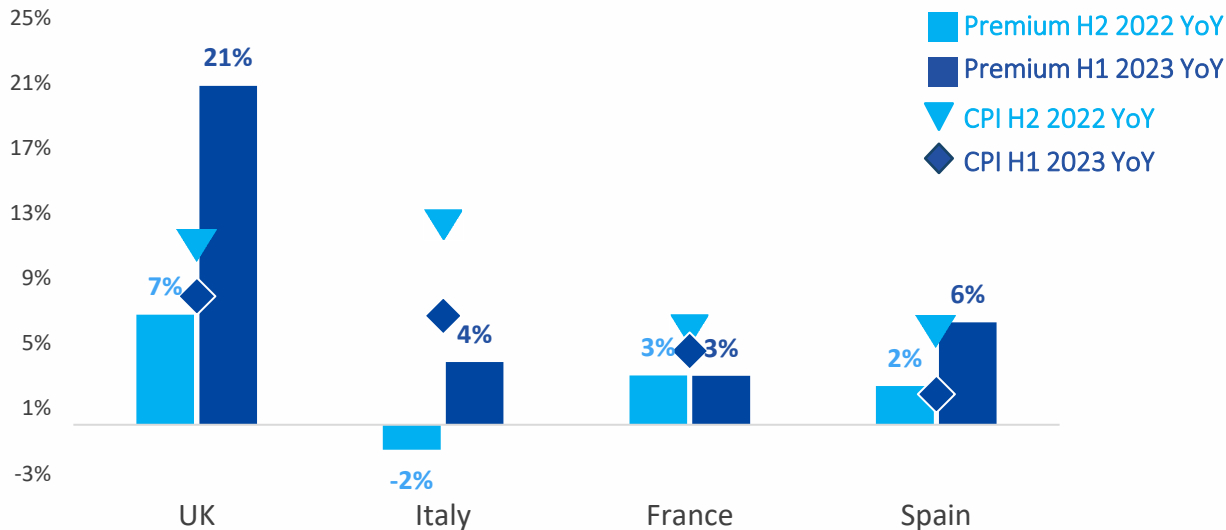
# Inflation persists, cycle is turning and Admiral remains disciplined

## Market



- Persistent high inflation continued across markets, remained higher than market had anticipated
- Market average premiums catching up with inflation in most markets, with strong pricing increases
- Shopping levels increased in all markets (+20% UK Motor market NB quotes<sup>1</sup>)

CPI Inflation<sup>2</sup> vs. Motor Market Average Premium YoY Movement<sup>3</sup>



- Insurance cycle navigated with **agility, underwriting discipline** and **prudent reserving**
- Continue to **strongly increase prices**, focusing on **medium term profitability** and will accelerate growth when the time is right



- UK Motor – focused on protecting margin over growth (-3% customers in H1), increased prices ahead of the market, with market prices now increasing more strongly



- Continued growth and improved results in Europe and other products beyond UK Motor (+19% customer growth)



- US on track with loss reduction and assessing options



*Admiral continues to take a long-term approach to the business, maintaining pricing discipline and a prudent approach to reserving for insurance claims and loans credit losses.*

# Group Financials

Geraint Jones, Group CFO

# Inflation still impacting, but solid H1 2023 results; first reporting under IFRS17

**£234m**

Profit before tax<sup>1</sup>

*H1 2022: £225m*

**+4%**

**9.41m**

Customers<sup>2</sup>

*H1 2022: 9.05m*

**+4%**

**£2.24bn**

Turnover<sup>3</sup>

*H1 2022: £1.85bn*

**+21%**

**57.6p**

Earnings per share<sup>1</sup>

*H1 2022: 60.8p*

**-5%**

**182%**

Solvency ratio

*H1 2022: 185%*

**-3pt**

**39%**

Return on equity<sup>1</sup>

*H1 2022: 36%*

**+3pt**

**51.0p**

Dividend per share

*H1 2022: 60.0p*

**-15%**

# Strong pricing response to inflation evident in customer and turnover metrics

## UK Motor Insurance<sup>1</sup>



**£1,521m**    **4.76m**

Turnover

*H1 2022: £1,272m*

+20%



Customers

*H1 2022: 5.14m*

-7%



## UK Household Insurance



**£157m**    **1.67m**

Turnover

*H1 2022: £121m*

+30%



Customers

*H1 2022: 1.46m*

+14%



## International Insurance



**£464m**    **2.21m**

Turnover

*H1 2022: £394m*

+18%



Customers

*H1 2022: 1.98m*

+12%



**£1.03bn**    **0.16m**

Balances

*H1 2022: £0.79bn*

+31%



Customers

*H1 2022: 0.13m*

+23%



# IFRS17 – big changes to accounting & presentation; limited impact on bottom line expected moving forward

## Reminder of Key Messages:

- New accounting standard for insurance contracts
- Doesn't change ultimate profitability, or cash, or dividend capacity, or solvency, or strategy
- Potential for changes in profit recognition timing, but net effect generally not expected to be significant
- Big change to statutory presentation, some changes in KPI definitions

## 2022 Restatement

- IFRS17 profit for 2022 lower than IFRS4 as part of transition
  - Reserve margin/risk adjustment positions aligned at end 2022 under both standards
  - IFRS4 results included a move down to 95<sup>th</sup> percentile over the year
  - IFRS17 results started and closed the year at 95<sup>th</sup> percentile, meaning lower reserve releases and lower profit
  - Difference in profit in H2 is larger as IFRS4 releases were larger in H2
- Reconciliation of H1 2022 & FY 2022 IFRS4 to 17 plus transition balance sheet equity bridge in appendix

## 2023 H1 Observations

Main impacts of IFRS17 on H1 2023:

- Assuming similar risk adjustment movement in period, change in accounting standard does not lead to a significant difference in profit in H1 2023
- Small positive net discounting benefit (current year claims discount minus unwind of previous years' claims) offset by small decrease in quota share recoveries
- Reserves still very prudent, ~94<sup>th</sup> percentile for UK Motor, reduced slightly from 2022



# High claims inflation still prevalent in results, underlying picture improving across the Group

Group Profit Before Tax (£m)	IFRS17			IFRS4
	H1 2023	H1 2022	Change	H1 2022
UK Insurance <sup>1</sup>	303.9	290.5	+13.4	321.8
European Insurance	2.8	(3.3)	+6.1	(1.8)
US Insurance	(10.4)	(13.6)	+3.2	(19.8)
Admiral Money	2.7	0.2	+2.5	0.2
Admiral Pioneer	(12.7)	(8.8)	(3.9)	(9.6)
Share Scheme Cost	(22.7)	(26.1)	+3.4	(26.1)
Other Group Items	(29.7)	(14.3)	(15.4)	(13.4)
<b>Total</b>	<b>233.9</b>	<b>224.6</b>	<b>9.3</b>	<b>251.3</b>
Loss ratio <sup>2</sup>	63.5%	61.1%	+2.4 pt	
Expense ratio <sup>2</sup>	26.3%	26.0%	+0.3 pt	
Combined ratio <sup>2</sup>	89.8%	87.1%	+2.7 pt	

- UK Insurance profit +£13m
  - UK Motor £298m v £291m: increase in investment income; various other offsetting impacts
  - UK Household profit £9m v £4m: continued growth and significant increase in turnover, current period result positively impacted by crystallisation of profit commission on reinsurance
- EU Insurance overall profit £3m v loss £3m
  - Motor profit £5m v loss £2m: strong increase in customers (13%) and turnover (21%) and improved combined ratio; more notable improvement in current underwriting year results
  - Italy and France both profitable in H1

# High claims inflation still prevalent in results, underlying picture improving across the Group

Group Profit Before Tax (£m)	IFRS17			IFRS4
	H1 2023	H1 2022	Change	H1 2022
UK Insurance <sup>1</sup>	303.9	290.5	+13.4	321.8
European Insurance	2.8	(3.3)	+6.1	(1.8)
US Insurance	(10.4)	(13.6)	+3.2	(19.8)
Admiral Money	2.7	0.2	+2.5	0.2
Admiral Pioneer	(12.7)	(8.8)	(3.9)	(9.6)
Share Scheme Cost	(22.7)	(26.1)	+3.4	(26.1)
Other Group Items	(29.7)	(14.3)	(15.4)	(13.4)
<b>Total</b>	<b>233.9</b>	<b>224.6</b>	<b>9.3</b>	<b>251.3</b>
Loss ratio <sup>2</sup>	63.5%	61.1%	+2.4 pt	
Expense ratio <sup>2</sup>	26.3%	26.0%	+0.3 pt	
Combined ratio <sup>2</sup>	89.8%	87.1%	+2.7 pt	

- US Insurance loss £10m v £14m
  - High claims inflation persists
  - Very robust actions in 2022 and H1 2023 contributed to improved result (much more evident on underwriting year basis)
- Admiral Money £3m profit v break even
  - Continued, controlled growth and significant further improvement in cost/income ratio
  - Credit loss provision remains cautious
- Pioneer H1 result impacted by large claims in Veygo and continued investment in SME
- Lower share scheme costs mainly due to lower dividend related bonuses
- Analysis of other items in appendix; various moving parts contributing to change

# UK Motor - Higher investment income contributing to solid H1 profits

UK Motor Income Statement (£m)	H1 2023	H1 2022 <sup>1</sup>	Change	
Turnover	1,520.9	1,271.8	+249.1	1
Underwriting result	189.5	198.5	(9.0)	
Investment income	50.9	20.9	+30.0	2
Finance expenses	(25.3)	(14.5)	(10.8)	
Co-insurer profit commission	44.8	53.8	(9.0)	
Other net income	38.3	32.2	+6.1	
<b>Profit before tax</b>	<b>298.2</b>	<b>290.9</b>	<b>+7.3</b>	
Reported Motor loss ratio <sup>2</sup>	60.1%	59.0%	+1.1 pt	3
Reported Motor expense ratio <sup>2</sup>	22.2%	20.4%	+1.8 pt	
Reported Motor combined ratio <sup>2</sup>	82.3%	79.4%	+2.9 pt	
Core Motor loss ratio <sup>3</sup>	65.8%	65.5%	+0.3 pt	
Core Motor expense ratio <sup>3</sup>	23.4%	21.7%	+1.7 pt	
Core Motor combined ratio <sup>3</sup>	89.2%	87.2%	+2.0 pt	

## Notes on changes

1

Despite lower customer numbers in H1 2023 v 2022, significantly higher (and still rising) average premium resulting from rate increases leads to 20% increase in turnover

2

Higher interest rates (3.0% v 1.4% annualised Group investment return) feeding into higher returns but also higher finance expense (discount unwind)

3

Slightly higher core Motor loss ratio – ~3pts higher current year ratio (impacted by earning of 2022 UW year) offset by higher reserve releases. Expense ratio higher due to lag in higher average premium earning through; written basis ratio stable at 19.5%

	H1 2023	H1 2022
Current year LR	92.7%	89.6%
Releases	(26.9%)	(24.1%)
Core Motor LR	65.8%	65.5%

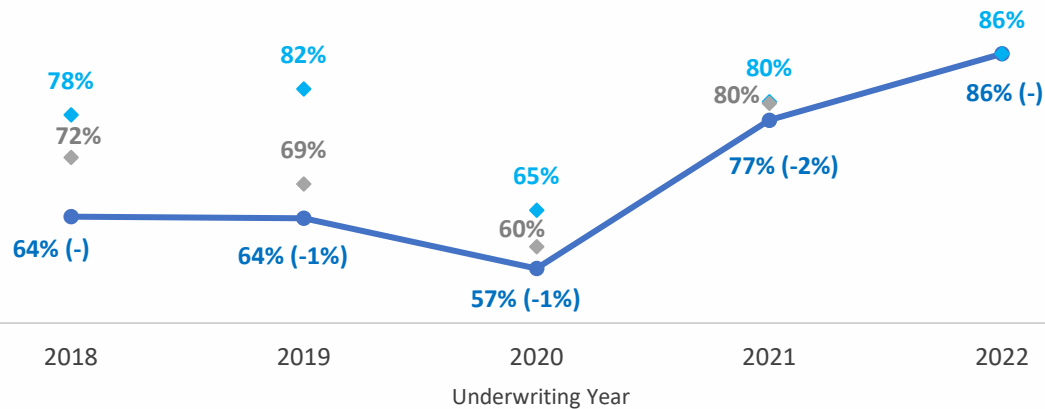
# No significant change in claims inflation; reserves remain very prudent

## UK Motor Projected Ultimate Loss Ratio (discounted)<sup>1</sup>

( ) % movement since December 2022

◆ Ultimate projection after 1 year

◆ Ultimate projection after 2 years



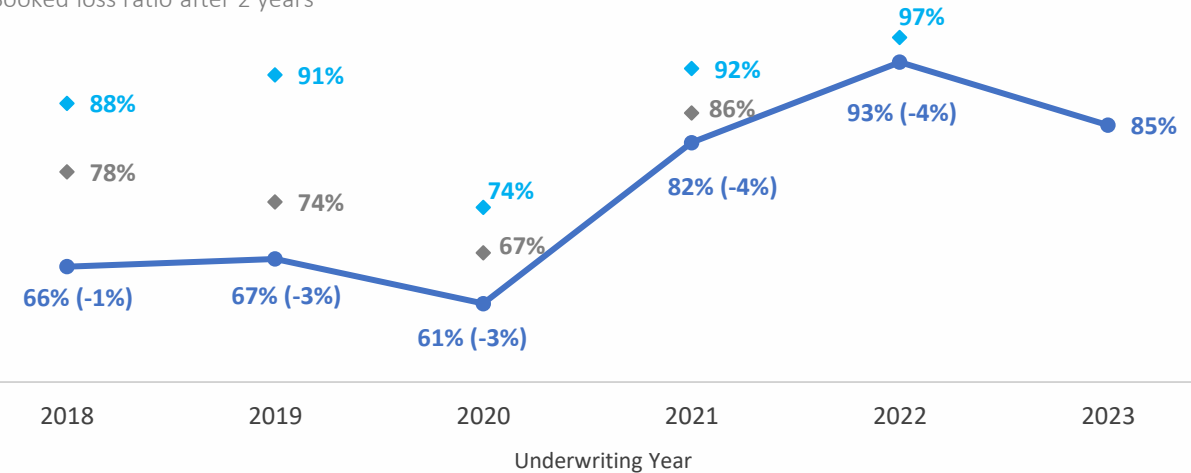
## UK Motor Booked Loss Ratio (discounted)<sup>1</sup>

( ) % movement since December 2022

◆ Booked loss ratio after 1 year

◆ Booked loss ratio after 2 years

New IFRS17 basis!

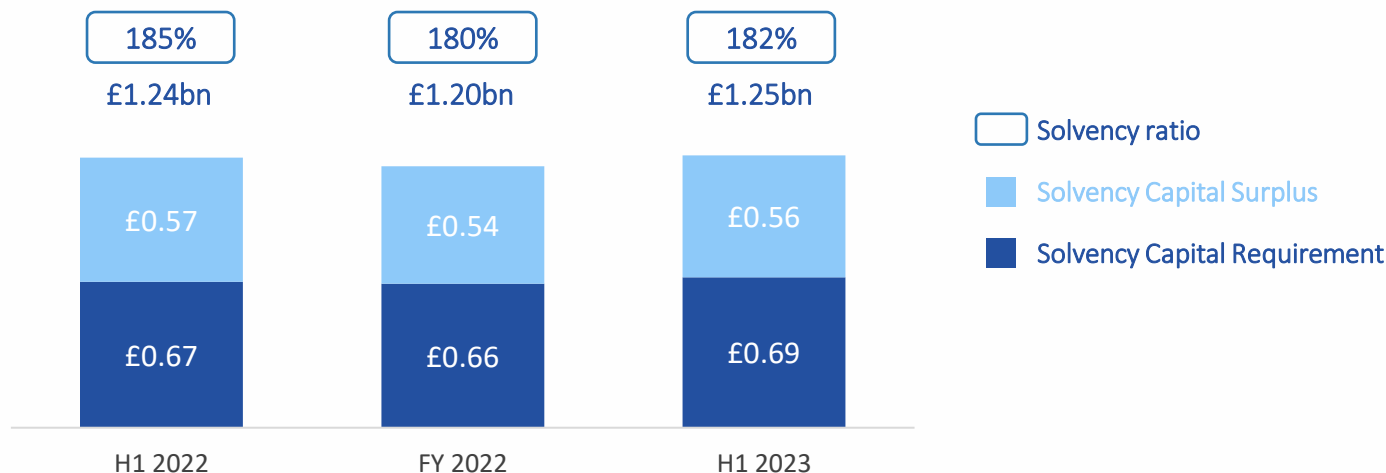


- Expect significant improvement in 2023 ultimate v 2022 despite continued inflation and small increase in frequency
- Recent UW years prudently projected with scope to improve; 2020 and older years expected to be stable<sup>2</sup>
- Current estimate of 2023 severity v 2022 is ~10% (FY v FY)
- Personal injury (Ogden) discount rate review scheduled for 2024 (actual -0.25% rate still used in ultimate); profit sensitivities shown in appendix

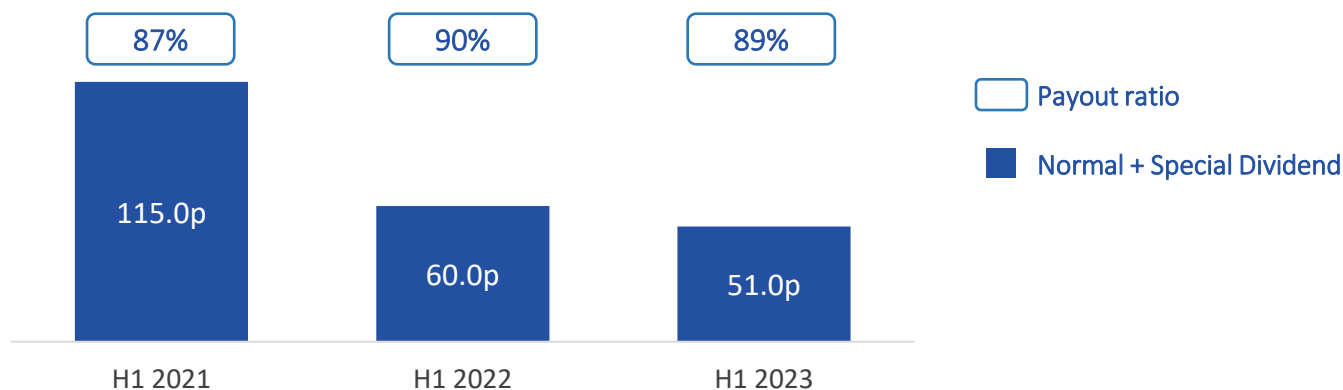
- IFRS17 accounting policy is for booked reserves to sit in 85<sup>th</sup> to 95<sup>th</sup> percentile confidence level corridor
- Motor reserves at ~94<sup>th</sup> percentile at H1 2023, down from 95<sup>th</sup> FY 2022 (sensitivities included in appendix)
- Reserve releases continue to be significant (27% v 24%) and are expected to continue
- Average claims cost inflation should start to ease in H2

# Strong solvency position maintained with high dividend pay-out ratio

H1 2023 Capital Position<sup>1</sup> (£bn)



Interim Dividend<sup>2</sup>



- Solvency capital requirement still based on standard formula plus add-on
- Own funds include new £250m tier 2 capital (untendered residual 2024 bond of £55m not included)
- PRA has agreed to reduce the approved add-on from £81m to £24m (used in regulatory reporting)
- Position remains strong, well above risk appetite level of 150%
- Internal model development, regulator engagement ongoing
- Interim dividend of 51p per share (60p interim 2022)
  - 38.0p normal dividend, 13.0p special dividend
- Pay-out ratio for H1 2023 = 89% of post-tax profit (H1 2022 = 90% of IFRS4 post-tax profit)
- No change in guidance or expectations

# Summary: Financials

- Impacts of high inflation continue to be seen through the results in H1 2023, though Group customer numbers continue to grow and turnover increased strongly
- Underlying performance is improving notably across the Group and some markets are turning more positively
- Capital position remains robust; tier 2 capital successfully refinanced; 89% pay-out ratio for interim dividend



*We have been named the 3<sup>rd</sup> Best Workplace™ for Women in the UK in 2022 & 2023*

# UK Insurance

Cristina Nestares, UK Insurance CEO

# UK Insurance Highlights

- Motor pricing discipline, with continued strong price increases ~23pts YTD; resulted in 7% decrease in Motor customers YoY (-3% in H1)
- Motor claims inflation remains high, with some early signs of improvement; slight increase in frequency
- Household continues to grow despite price increases and continued inflation
- Admiral well prepared for Consumer Duty that went live in July
- Expect continued price increases in H2 2023 for Motor and Household

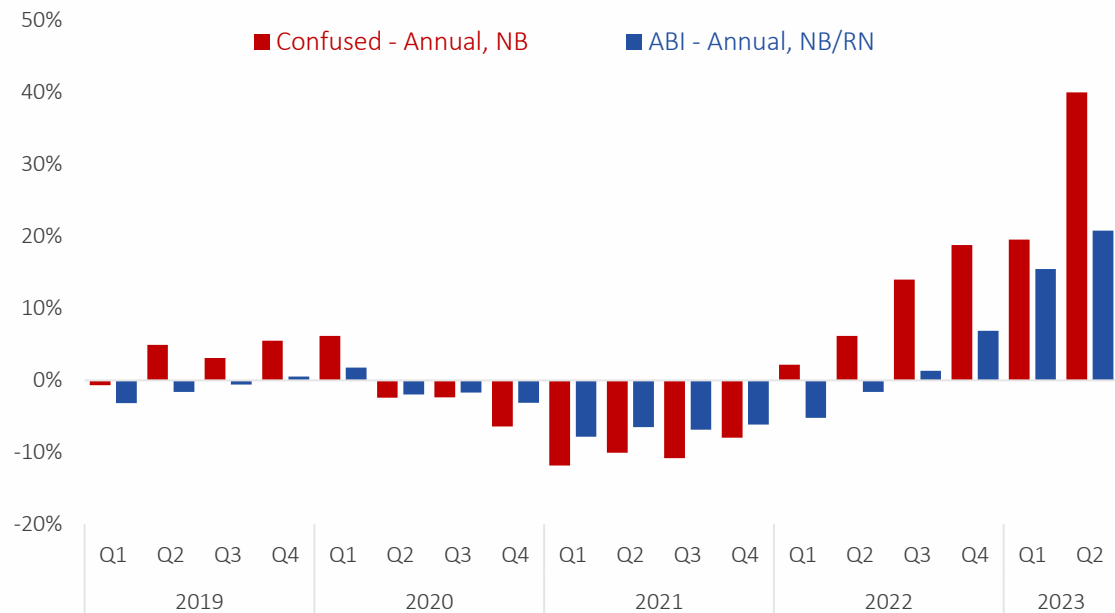


# Motor pricing discipline with continued strong price increases ~23pts YTD, results in 7% reduction in customers (-3% in H1)



## UK Motor - Market Average Premium

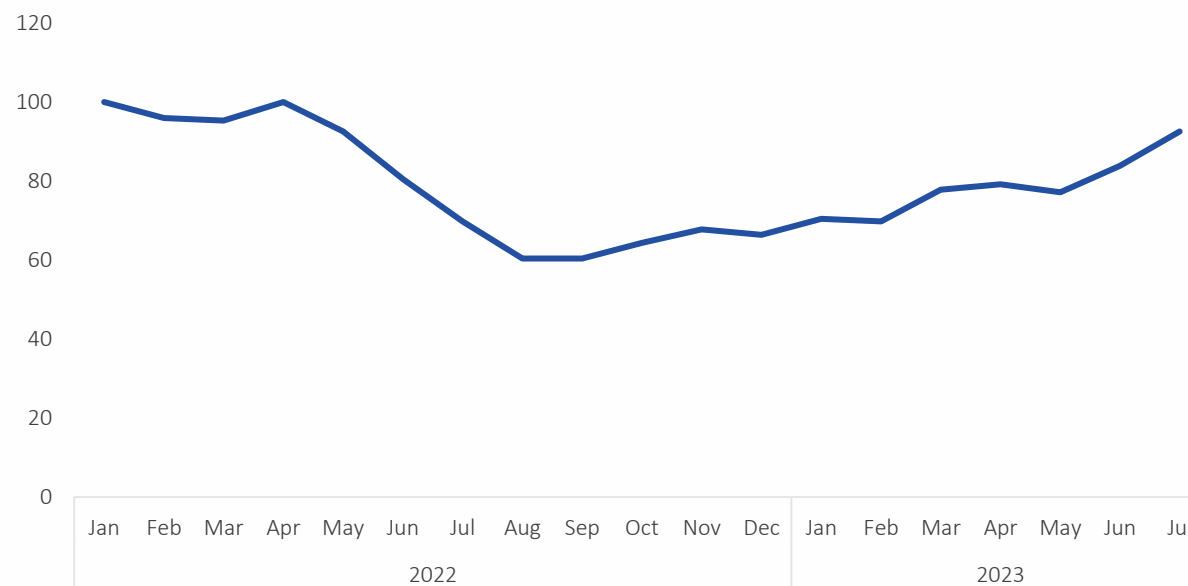
YoY change



- Acceleration of market price increases in Q2 2023
  - ABI<sup>1</sup> Motor premium at £511 in Q2 2023, +21% YoY and +9% vs Q4 2022
  - Confused<sup>2</sup> premium at £776 in Q2 2023, +40% YoY and +23% vs Q4 2022

## Admiral Times Top<sup>3</sup>

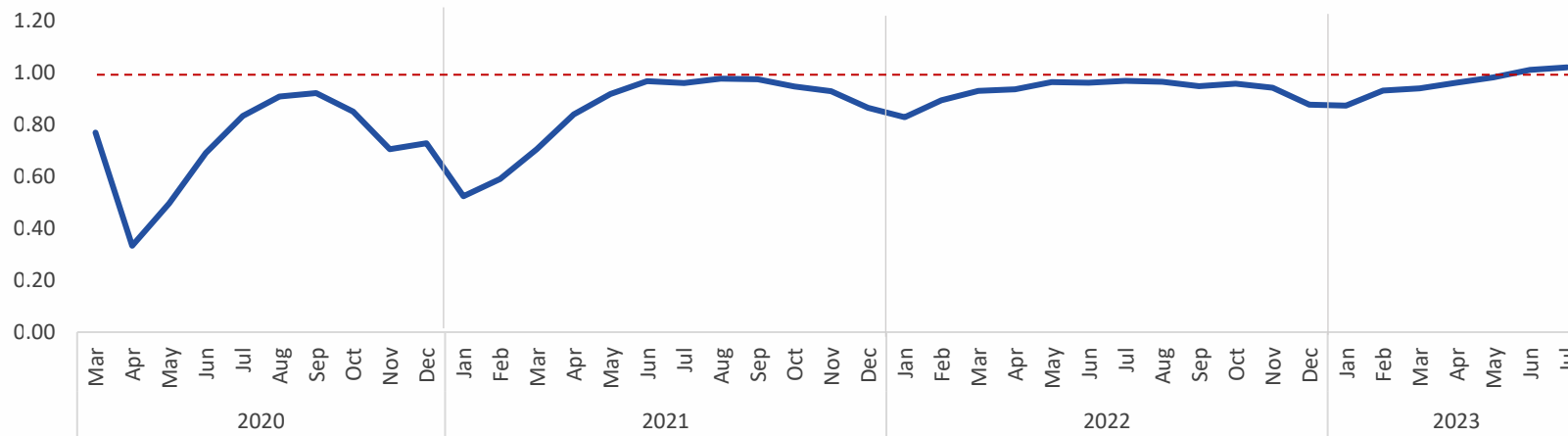
Indexed 100, Jan 2022 - July 2023



- Admiral increased prices c.23pts year-to-date to account for inflation
- Admiral continue to focus on profitability, which impacted growth
  - Customer base reduced by 7% YoY, and by 3% in H1 2023
  - Customer numbers have stabilised in recent weeks; expect to return to growth in near future subject to market price movements

# Motor claims inflation remains high, with some early signs of improvement; slight increase in frequency

Car Road Usage<sup>1</sup>



## Frequency

- Car road usage increased towards end of H1
- Frequency remains 10-15% below pre-Covid levels; partly impacted by whiplash reforms

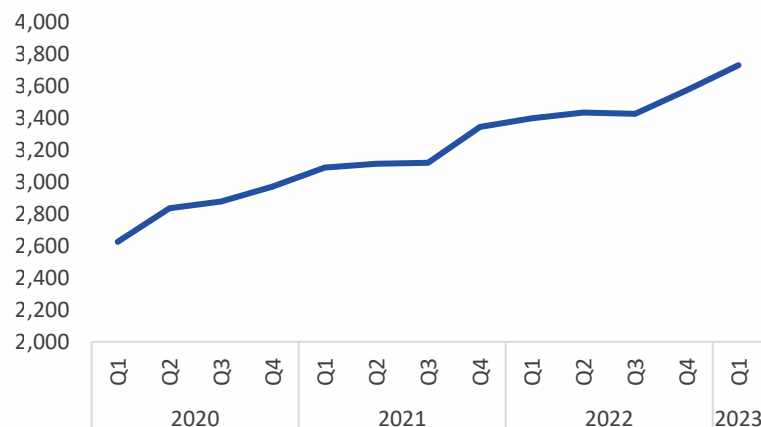
## Damage inflation

- Damage inflation remains elevated, driven by repair delays and credit hire costs
- Used car prices remain high, but stabilised
- Increase in theft in the market (though remains a small portion of claims)
- Admiral maintains claims cost advantage over the market

## Bodily Injury

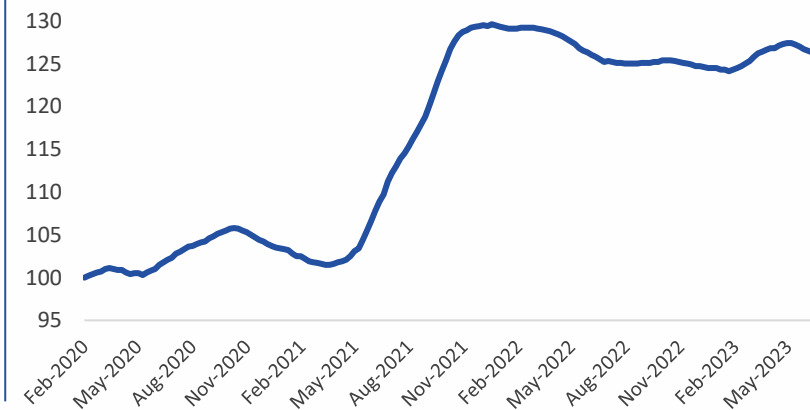
- Large BI continues to progress in line with expectations; no material changes to inflationary outlook and we remain prudently reserved
- Small BI frequency continues to be suppressed post whiplash reforms; Supreme Court case in Q1 2024 will provide certainty on severity

Market AD cost inflation<sup>2</sup>



Residual Car Values<sup>3</sup> - UK

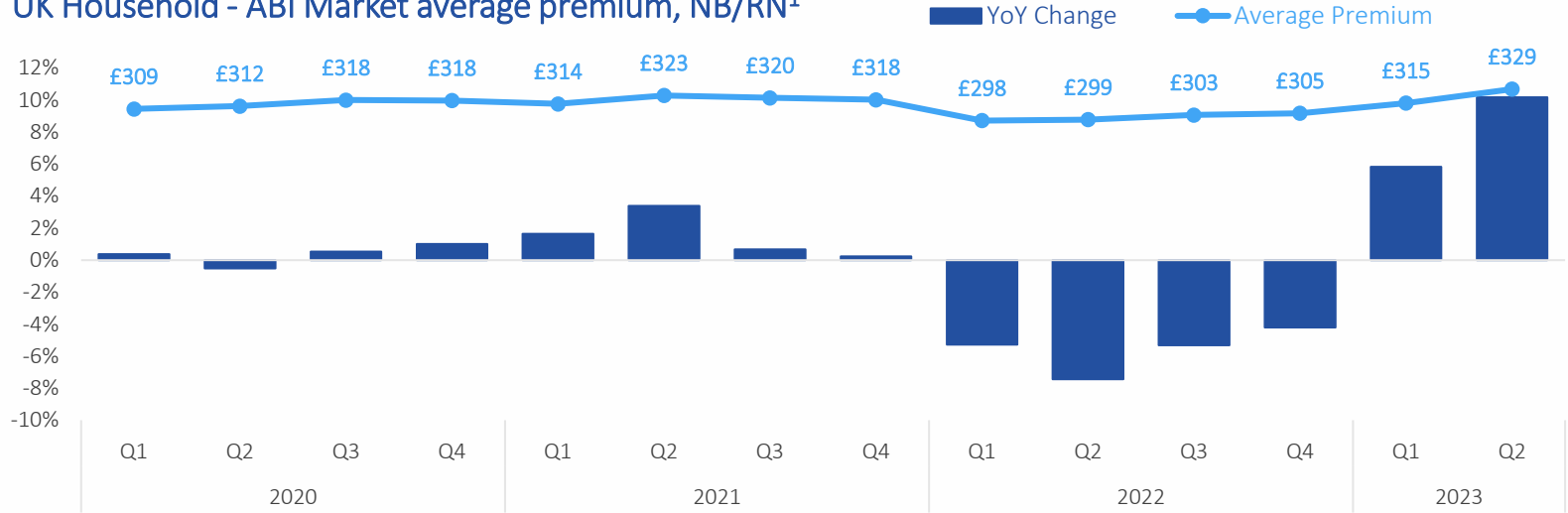
Indexed 100, 2020 – 2023



# Household continues to grow in the context of price increases and high inflation

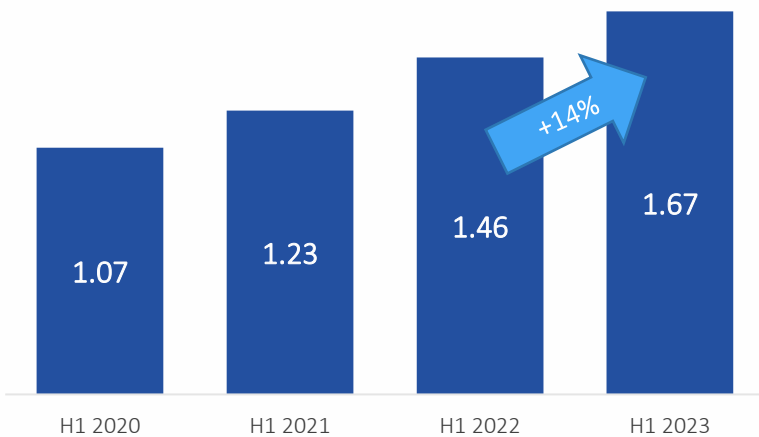


UK Household - ABI Market average premium, NB/RN<sup>1</sup>

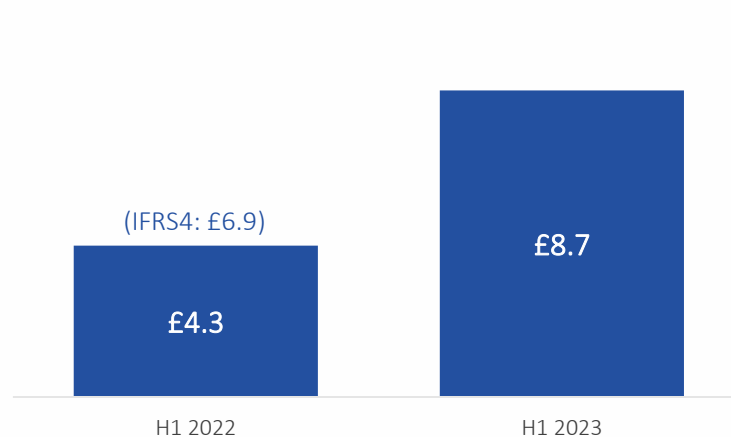


- Market premiums have increased from H2 2022 and into H1 2023, impacted by:
  - FCA reforms depressing premiums in 2022
  - High claims inflation
  - December freeze event impact
- Admiral increased rates in H2 2022 and through 2023
- Admiral continues to see good topline growth, despite strong price increases, aided by above market retention
- High claims inflation exacerbated by market supply chain challenges post Dec freeze event

Household Customers (m)



Household Profit (£m)



# For H2 2023 we expect continued price increase, with claims inflation stabilising



## Pricing – Outlook

### Motor

- Admiral will continue to increase prices in H2 to reflect inflation and expects market prices to continue to increase
- Our number of active customers has stabilised over the last few weeks, and we expect to go back to growth soon, although this is subject to market price increases
- Growing confidence that UW year 2023 will be better than 2022

### Household

- Strong market price increases in H1, likely to continue into H2
- Admiral has already increased prices by double digits in H1 2023 and continues to increase prices

## Claims – Outlook

### Motor

- Frequency saw an uptick at the end of H1 but remains 10-15% below pre-Covid levels; we will continue to monitor
- High damage inflation continues, with less delay in repairs and used car prices stable
- Bodily injury stable but uncertainty remains; we continue to reserve prudently

### Household

- Supply chain remains under pressure; particularly post freeze event in December 2022, although expect improvements in H2
- Admiral continues to focus on improved claims efficiencies

Admiral remains focused on pricing discipline, prioritising medium term profits, and maintaining a prudent approach to claims reserving



*Our international businesses play a key role in our group strategy*

# International Insurance

Costantino Moretti, Head of International Insurance

# International Insurance Highlights

## US

- Strong action has led to reduced losses as expected, whilst high market claims inflation persists
- On track with assessing options

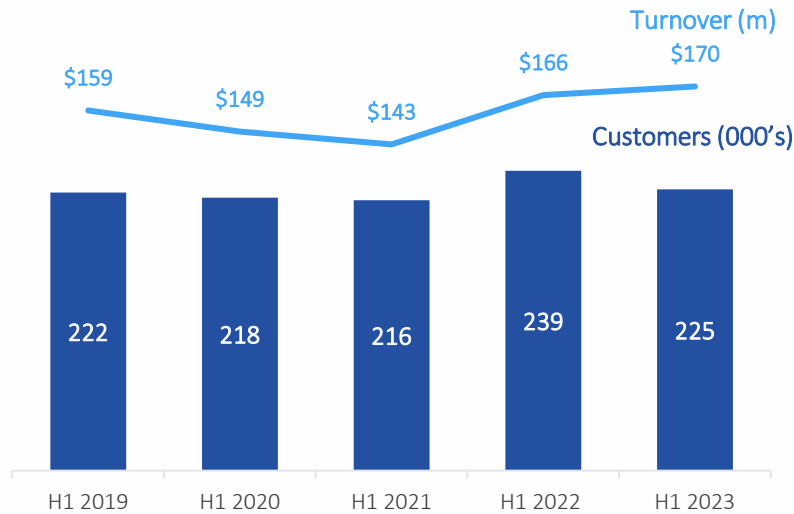
## Europe

- Good growth and profit progress against continued challenging inflationary environment
- Increasing prices ahead of the market since Q2 2022 – loss ratio continues to improve vs market
- Continue to focus on creating long term value, and developing our new channels for further growth

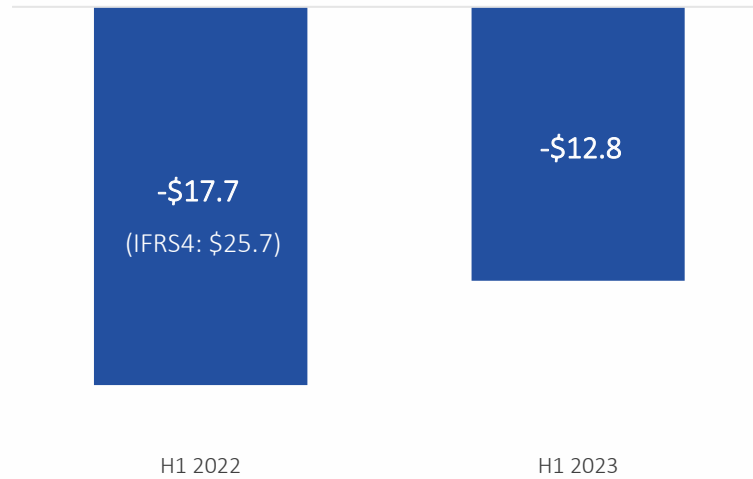
# US Insurance: Results as expected with lower losses, whilst high market inflation continues



US Customers and Turnover



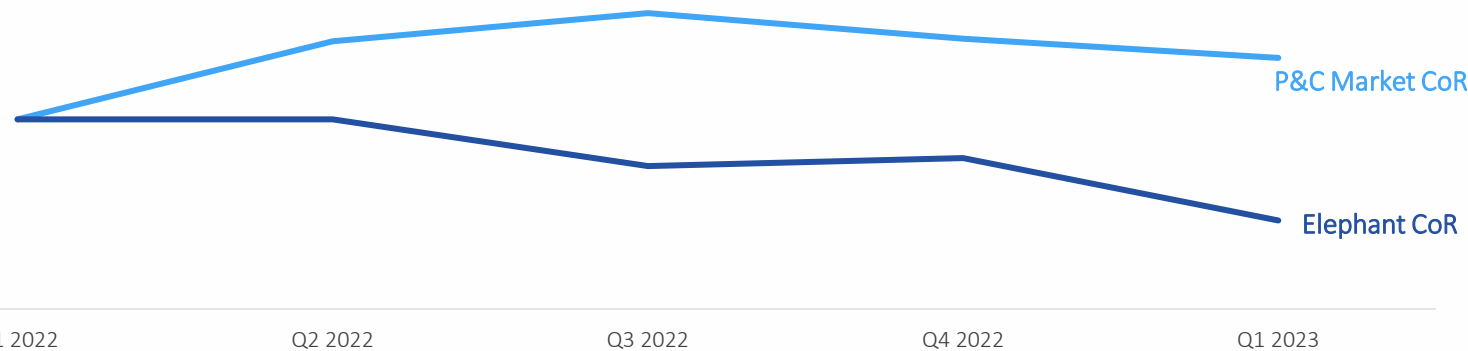
Elephant Result (\$m)<sup>3</sup>



- On track with plan to reduce losses in H1 2023, with focus on materially improving the underwriting result and minimising capital injection
- Results are in line with expectation through strong price increases and reduction in cost base
- Elephant combined ratio has been improving over time compared to the market
- Efficient tech and operational platform, which has resulted in significant cost savings due to digitalisation of processes and market record high delivery of rate changes
  - Resulted in a reduction of 9% in other variable expenses<sup>2</sup> H1 2023 v H1 2022
- Excellent customer feedback with digital NPS of 56<sup>4</sup>
- On track with assessing options

Combined Ratio<sup>1</sup>

Indexed 100, Q1 2022 – 2023

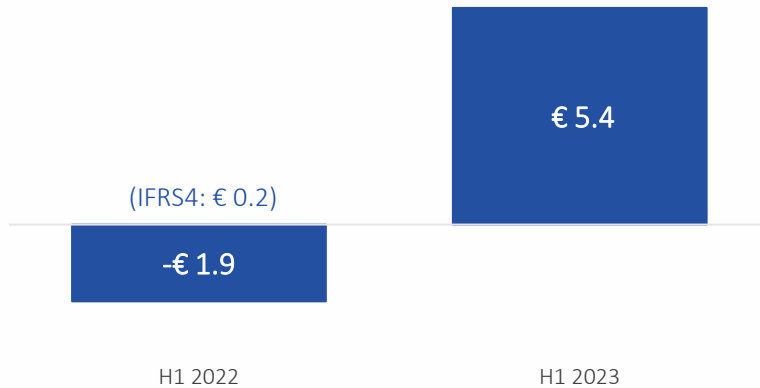


# EU Insurance: Growth and profitability despite a challenging market environment

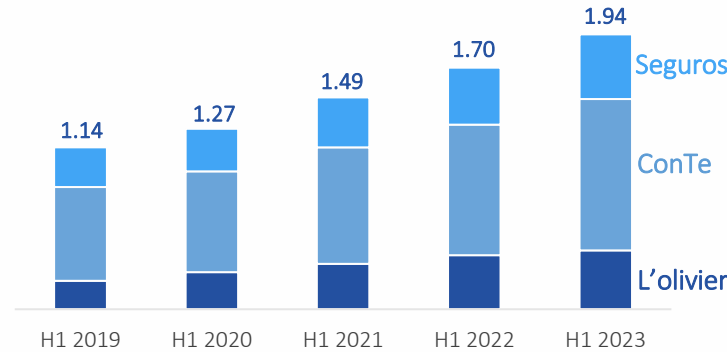


- EU profitable with good growth rate
- Results driven by decision to increase prices ahead of the market since Q2 2022
- Admiral loss ratio continues to improve vs market
- Market premiums have subsequently started to increase more strongly, particularly in Spain and Italy, driven by market pressures
- As a result, competitiveness has increased resulting in growth opportunities, although slower than previous years
  - +14% Motor customers and +21% Motor turnover v H1 2022
- Focus on creating long term value in these businesses:
  - ~€2m investment in distribution diversification
  - Developing partnerships and further opportunities for growth

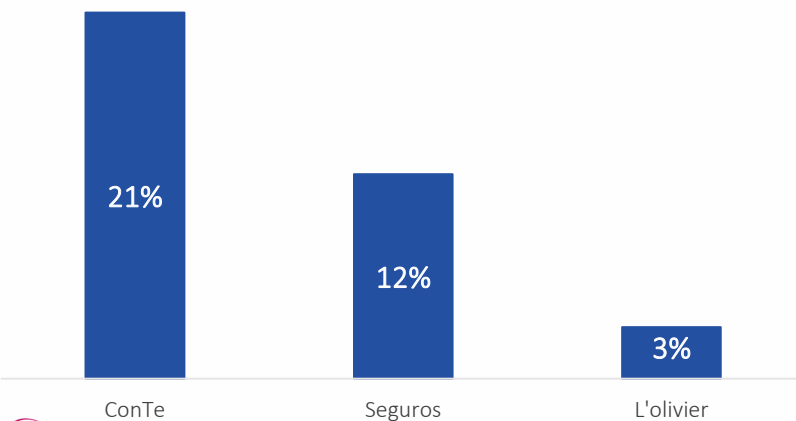
EU Motor Combined Result (IFRS17) (€m)<sup>1</sup>



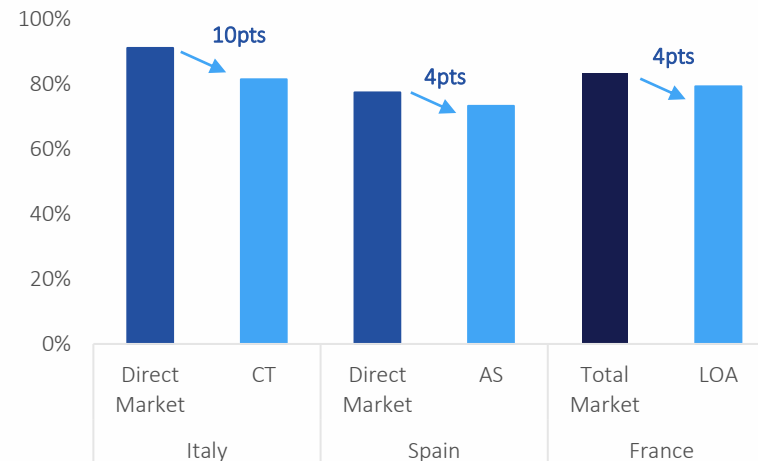
EU Motor Customers (million)



H1 Cumulative Motor Rate Increases



EU Motor Loss Ratio 2022 Market<sup>2</sup> vs. Admiral Businesses<sup>3</sup>







*Admiral Money has continued to achieve sustainable growth*

# Admiral Money

Milena Mondini de Focatiis, Group CEO

# Admiral Money built on strong fundamentals; increasing profitability and cautious growth despite challenging environment in 2023



- Strong performance in H1
  - Continued profitability; £2.7m
  - Loans balance growth of 16% vs full year
  - Controlled cost base: Strong cost-income ratio (H1 2023: 38%; FY 2022: 49%)
- Continued to achieve sustainable growth through
  - Evolving the risk selection
  - Proactively managing and calibrating lending criteria to latest macroeconomic outlook
  - Applying appropriate affordability stresses
- £75m total loan loss provision; coverage remains appropriately conservative at c7%
  - To account for cost of living pressures and economic uncertainty: £12.6m (17%) of provisions are model overlays
- Increasing prices in line with interest rates to maintain margin; as a reminder the back book is hedged against movements in cost of funds
- Balances guidance for FY 2023 remains in range of £950m-£1.1bn



*In 2023 Admiral turns 30 years old ...*

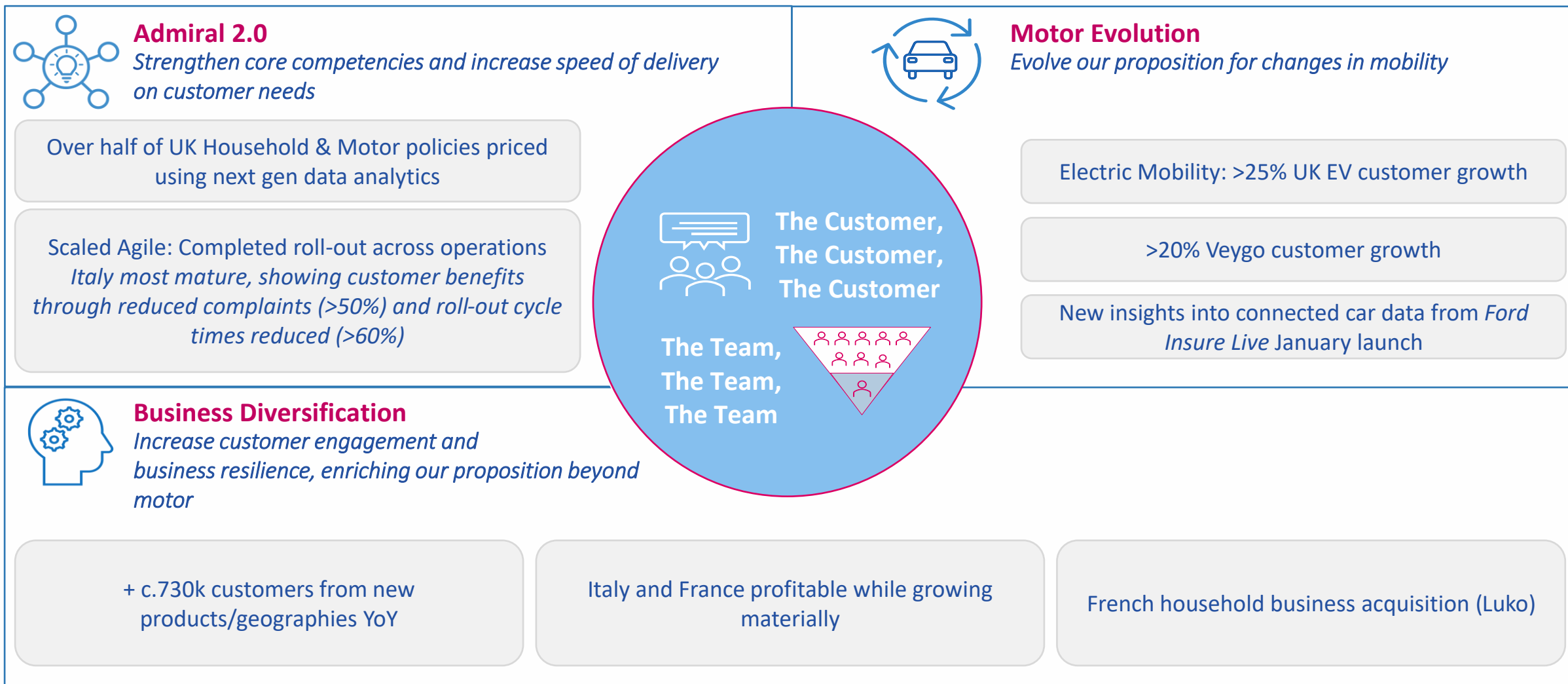
*Our company culture is based on four pillars: Fun, Communication, Equality, and Recognition and Reward*

*Happy Birthday Admiral!*

# Strategic Outlook & Wrap Up

Milena Mondini de Focatiis, Group CEO

# Continued progress on unchanged Group strategy





# Business Diversification – developing options for the future and building on our existing strengths

## Why?

- Stronger customer propositions
- Higher customer engagement and satisfaction
- More resilient business model




## What?

- Focus on businesses where we can:
  - Leverage off our existing brand, customers, and data
  - Transfer our strengths/competitive advantages
  - Achieve material market share, profit contribution and high ROE over time

## How?

- Test and learn, agility and ability to pivot
- Strong, disciplined approach to resource and capital allocation
- Not afraid to make difficult choices when needed
- Limited distraction to the core

### UK PRIVATE

 <p><b>UK Multi-Cover Advantage</b></p> <p>+25% Growth<sup>1</sup></p> <p>+10pt Better retention<sup>3</sup></p> <p>Higher NPS score<sup>2</sup></p>	<p>Travel</p>  <p>Pet</p>  <p><b>Veygo</b> by Admiral</p>
---	---



### UK COMMERCIAL

<b>SME</b>	<b>toolbox</b> by Admiral
------------	------------------------------

### EUROPE

--	--	--

# Admiral remains focused on our Customers, our People and our Society

## Our Customers



- Top Rated on TrustPilot across Europe<sup>1</sup>
- Group NPS average of 50<sup>2</sup>
- Awards across global operations



## Our Society



- Community: Focused approach to impact Employability in the community
- Supported over **1000** people in the broader community into jobs through Admiral Funded Programmes
- On track to submit science-based climate targets with SBTi<sup>3</sup>

## Our People



- Strong engagement score at 82%<sup>4</sup>
- Named Great Place to Work for 23<sup>rd</sup> consecutive year
- 3<sup>rd</sup> Best Workplace for Women in UK
- Cost of Living salary adjustments for all UK colleagues



Some of our Community Strategy partners



# Wrap-up: Solid progress and focus on long term value in a challenging market

- Solid result in a challenging market
- Premium growth across all businesses and geographies
- The cycle is turning, and we are well positioned for the future
- Product diversification showing stronger progress
- Businesses are resilient with good growth, happy customers, strong risk selection, claims management and enhanced technology, and remain a special place to work

# Appendix





# Group Key Performance Indicators

KPI	H1 2023	H1 2022	FY 2022
<b>Group Financial</b>			
Turnover £bn	2.24	1.85	3.68
Customers m	9.41	9.05	9.20
Group pre-tax profit £m	233.9	224.6	361.2
Earnings per share	57.6p	60.8p	95.4p
Dividend per share	51.0p	60.0p	112.0p
<b>UK Insurance</b>			
Customers (000s)	7.01	6.94	6.96
Total premiums £m	1,581.9	1,298.1	2,555.0
Reported Motor combined ratio	82.3%	79.4%	88.9%
UK insurance pre-tax profit £m	303.9	290.5	509.7
Other revenue per vehicle £	60	59	58
<b>International Insurance</b>			
Customers (000s)	2.21	1.98	2.08
Total premiums £m	437.6	368.9	744.2
Reported combined ratio	99.6%	103.7%	109.5%
Int'l insurance result £m	(7.6)	(16.9)	(56.2)

# Summary Income Statement<sup>1</sup>

£m	UK Insurance			International			Admiral Money			Other			Admiral Group		
	H1 2023	H1 2022	FY 2022	H1 2023	H1 2022	FY 2022	H1 2023	H1 2022	FY 2022	H1 2023	H1 2022	FY 2022	H1 2023	H1 2022	FY 2022
<b>Turnover</b>	<b>1708.3</b>	<b>1409.9</b>	<b>2784.3</b>	<b>464.3</b>	<b>393.7</b>	<b>795.9</b>	<b>43.6</b>	<b>25.7</b>	<b>59</b>	<b>21.3</b>	<b>18</b>	<b>41.7</b>	<b>2237.5</b>	<b>1847.3</b>	<b>3680.9</b>
Insurance premium net of XoL	1080.5	956.8	1993.4	369.6	324.2	679.5							1450.1	1281.0	2672.9
Other insurance revenue	64.3	59.7	122.3	27.2	26.5	52.5							91.5	86.2	174.8
Expenses	(271.7)	(222.9)	(475.7)	(125.8)	(124.1)	(254.6)							(397.5)	(347.0)	(730.3)
Claims net of XoL	(701.1)	(596.1)	(1466.7)	(269.7)	(239.4)	(547.1)							(970.8)	(835.5)	(2013.8)
<b>Net of XOL UW result</b>	<b>172.0</b>	<b>197.5</b>	<b>173.3</b>	<b>1.3</b>	<b>(12.8)</b>	<b>(69.7)</b>							<b>173.3</b>	<b>184.7</b>	<b>103.6</b>
Quota share result	19.4	(0.9)	104.6	(13.1)	(4.7)	13.9							6.3	(5.6)	118.6
Movement on OLC	0.6	(3.2)	5.1	0.8	(0.9)	(1.0)							1.4	(4.1)	4.1
<b>Underwriting result</b>	<b>192.0</b>	<b>193.4</b>	<b>283.0</b>	<b>(11.0)</b>	<b>(18.4)</b>	<b>(56.8)</b>							<b>181.0</b>	<b>175.0</b>	<b>226.2</b>
Investment income	52.8	21.9	55.9	3.7	0.2	2.2				2.3	8.0	10.1	58.8	30.1	68.2
Net finance expenses	(27.3)	(14.5)	(37.3)	(1.8)	(0.3)	(1.1)							(29.1)	(14.8)	(38.4)
<b>Net investment income</b>	<b>25.5</b>	<b>7.4</b>	<b>18.6</b>	<b>1.9</b>	<b>(0.1)</b>	<b>1.1</b>				<b>2.3</b>	<b>8.0</b>	<b>10.1</b>	<b>29.7</b>	<b>15.3</b>	<b>29.8</b>
Profit commission	44.8	53.8	127.5	0.0	0.0	0.0							44.8	53.8	127.5
Other income and expenses	41.6	35.9	80.6	1.5	1.6	(0.5)							43.1	37.5	80.1
<b>Total other income</b>	<b>86.4</b>	<b>89.7</b>	<b>208.1</b>	<b>1.5</b>	<b>1.6</b>	<b>(0.5)</b>							<b>87.9</b>	<b>91.3</b>	<b>207.6</b>
<b>Admiral Money result</b>							2.7	0.2	2.1				2.7	0.2	2.1
<b>Pioneer</b>										(12.7)	(8.8)	(13.5)	(12.7)	(8.8)	(13.5)
<b>Other Group Costs</b>										(32.0)	(22.3)	(39.3)	(32.0)	(22.3)	(39.3)
<b>Share scheme costs</b>										(22.7)	(26.1)	(51.7)	(22.7)	(26.1)	(51.7)
<b>Profit/(loss) before tax</b>	<b>303.9</b>	<b>290.5</b>	<b>509.7</b>	<b>(7.6)</b>	<b>(16.9)</b>	<b>(56.2)</b>	<b>2.7</b>	<b>0.2</b>	<b>2.1</b>	<b>(65.1)</b>	<b>(49.2)</b>	<b>(94.4)</b>	<b>233.9</b>	<b>224.6</b>	<b>361.2</b>

# Balance Sheet

	H1 2023	H1 2022	FY 2022
	£m	£m	£m
<b>ASSETS</b>			
Property, plant and equipment	81.4	93.1	89.8
Intangible assets	241.8	182.6	217.6
Corporation tax asset	0.0	4.3	9.1
Reinsurance assets	1,113.4	965.3	1,015.4
Financial investments	3,583.4	3,393.7	3,411.2
Deferred income tax	12.2	24.2	28.4
Insurance and other receivables	373.2	332.7	316.4
Loans and advances to customers	961.1	733.1	823.9
Cash and cash equivalents	462.7	506.6	297.0
<b>Total assets</b>	<b>6,829.2</b>	<b>6,235.6</b>	<b>6,208.8</b>
<b>EQUITY</b>			
Share capital	(0.3)	(0.3)	(0.3)
Share premium	(13.1)	(13.1)	(13.1)
Retained earnings	(968.7)	(1,102.9)	(922.6)
Other reserves	54.7	35.9	50.2
Total equity (shareholders)	<b>(927.4)</b>	<b>(1,080.4)</b>	<b>(885.8)</b>
Non-controlling interests	(1.2)	(1.7)	(1.2)
<b>Total equity</b>	<b>(928.6)</b>	<b>(1,082.1)</b>	<b>(887.0)</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	(4,139.7)	(3,927.0)	(4,025.4)
Financial liabilities	(1,187.3)	(887.4)	(939.1)
Trade and other payables	(480.3)	(246.1)	(254.9)
Lease liabilities	(83.2)	(93.0)	(88.5)
Current tax liabilities	(10.1)	0.0	(13.9)
<b>Total liabilities</b>	<b>(5,900.6)</b>	<b>(5,153.5)</b>	<b>(5,321.8)</b>
<b>Total liabilities and equity</b>	<b>(6,829.2)</b>	<b>(6,235.6)</b>	<b>(6,208.8)</b>

# Solvency Ratio Waterfall – FY 2022 to H1 2023

## Solvency Ratio Movements FY 2022 – H1 2023

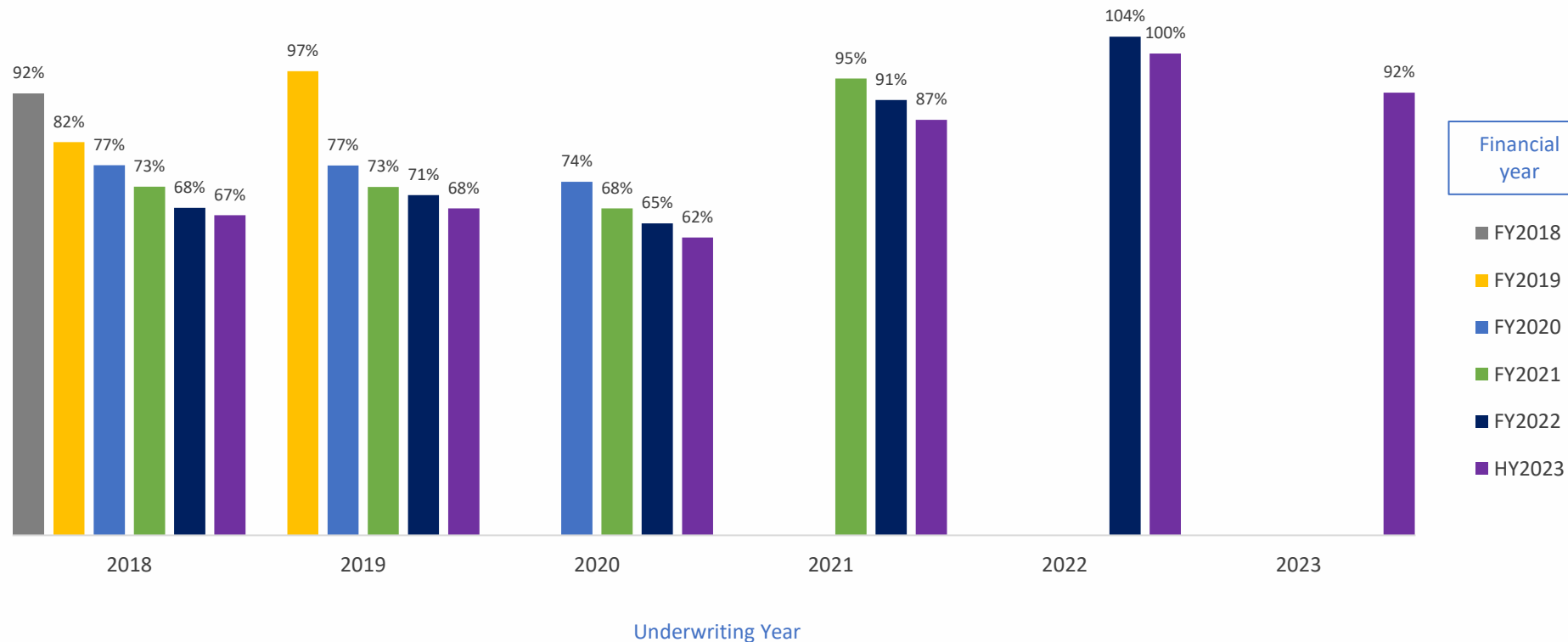


# UK Motor Insurance: Booked Loss Ratio Development by Underwriting Year

## UK Motor Insurance Booked Loss Ratio % (undiscounted)<sup>1</sup>

Development by financial year (colour-coded)

Split by underwriting year (x axis)



Ultimate loss ratio by underwriting year (undiscounted) <sup>1</sup>	
2022	92%
2021	81%
2020	59%
2019	65%
2018	65%

# Ogden Discount Rate plus Risk Adjustment Sensitivities<sup>1</sup>

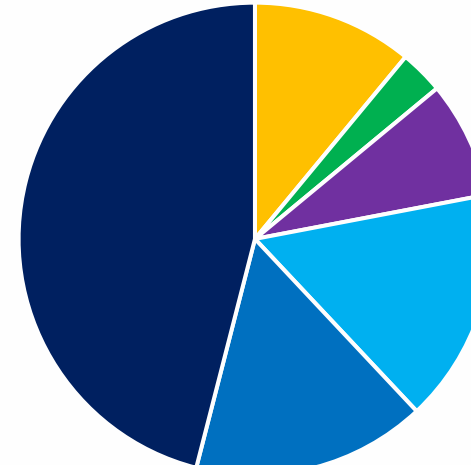
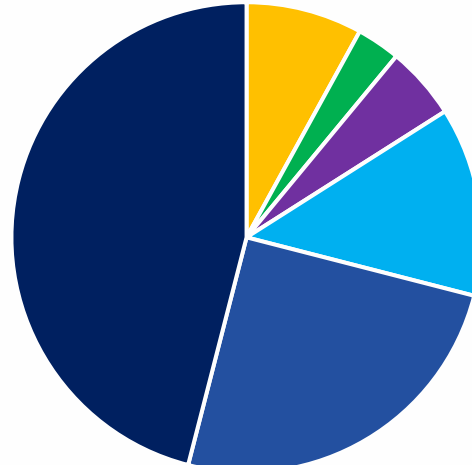
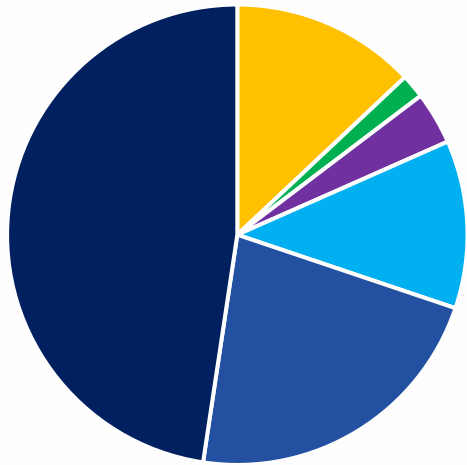
Ogden Discount Rate Sensitivity <sup>2</sup>	H1 2023 (unaudited)
By 100bps to +0.75%	+74.9
By 50bps to +0.25%	+35.9
By 25bps to 0.00%	+17.7
By 25bps to -0.50%	-19.2
By 50bps to -0.75%	-45.4
By 100bps to -1.25%	-112.4
UK Motor Risk Adjustment Sensitivity	H1 2023 (unaudited)
Risk adjustment increase to 95 <sup>th</sup> percentile	-30.2
Risk adjustment increase to 90 <sup>th</sup> percentile	+40.1
Risk adjustment increase to 85 <sup>th</sup> percentile	+71.0

# Investment update

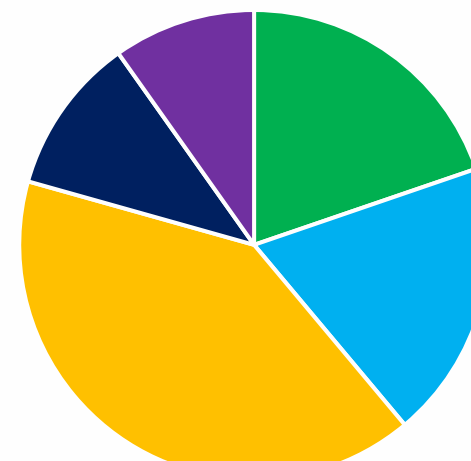
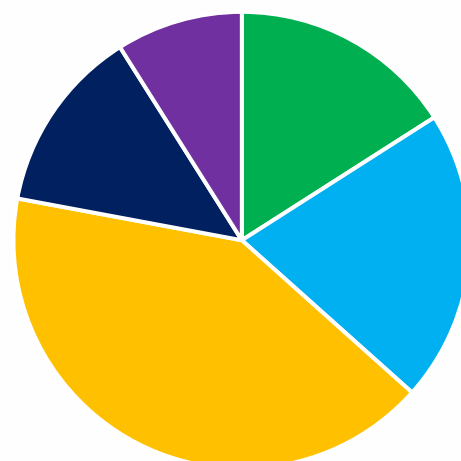
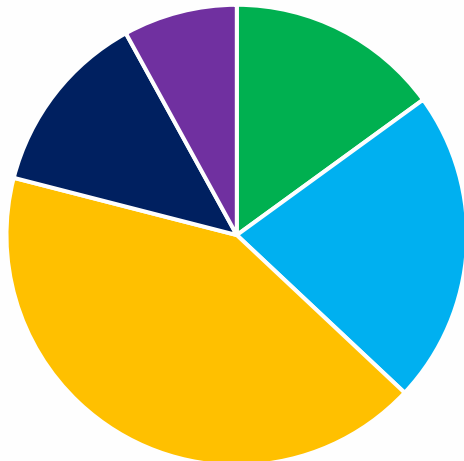
Jun '22: £3,900m

Dec '22: £3,706m

Jun '23: £4,044m



- Cash
- Deposit
- Government bonds
- Corporate bonds
- Money Market Funds and other fair value
- Other<sup>1</sup>



- AAA
- AA
- A
- BBB
- Other<sup>2</sup>

# Investment update

	H1 2023	H1 2022
Underlying investment income yield	3.0%	1.4%
Investment income	£58.4m	£27.8m
Unrealised gains/(losses) on derivatives	(£0.2m)	£0.4m
Movement in provision for expected credit losses	(£0.5m)	£1.4m
Net investment income	£57.7m	£29.6m
Movement in fair value reserve	(£22.4m)	(£173.2m)

- No change in investment strategy in period or forthcoming
- Very limited changes in allocation and ratings
- Higher investment income reflects increased market yields
- Rate increases throughout period have increased reinvestment yields and yields on floating rate securities
- Adverse move in fair value reserve in the period reflects the impact of higher interest rates slightly offset by reduced credit spreads
- Movements due to interest rates well matched with changes in liability valuation for solvency measurement
- Average duration of bond portfolio at 30 June 2023 = ~3.0 years (30 June 2022 = ~3.4 years)



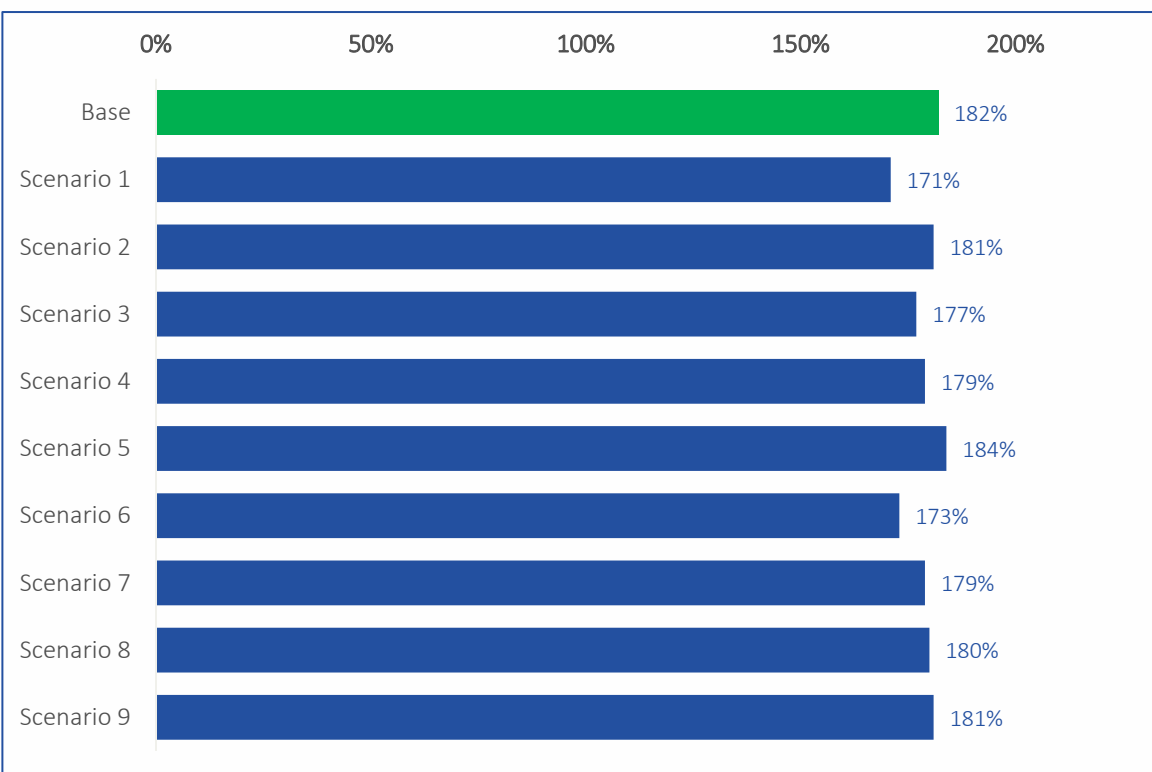
# Analysis of Other Group items<sup>1</sup>

£m	H1 2023	H1 2022
Other interest & investment income	£2.3	£8.0
Compare.com loss before tax	(£2.6)	(£1.7)
Business development	(£7.9)	(£3.9)
Other central overheads	(£15.2)	(£11.0)
Finance charges	(£6.3)	(£5.7)
Total	(£29.7)	(£14.3)

- Other interest and investment income decreased to £2.3 million, noting the non-repeat of the sale of UK government bonds generating £4.7 million in H1 2022
- Compare.com reported a loss of £2.6 million, as a result of modestly increased investment in marketing and acquisition in a challenging market in the US. The sale of this business completed during the period
- Business development costs increased to £7.9 million, primarily attributed to small tests on potential new businesses within the insurance operations across the Group
- Other central overheads increased as a result of significant Group projects being undertaken in 2023, including IFRS17 preparation and the development of the internal model
- Finance charges of £6.3 million primarily relate to interest on the £200 million subordinated notes issued in July 2014

# Solvency Ratio sensitivities

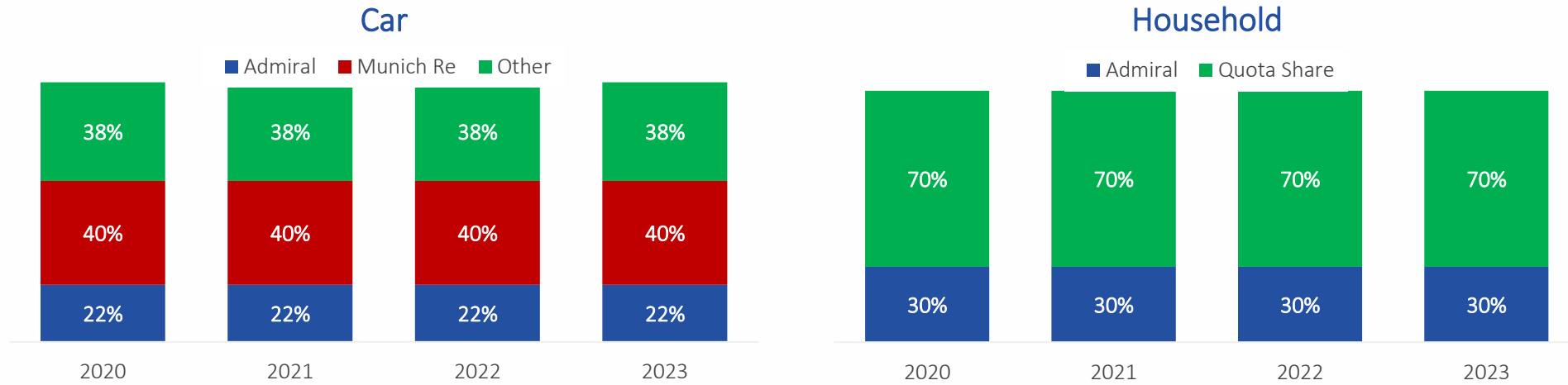
The sensitivities below have been selected to show a range of impacts on the reported base case solvency ratio. They cover the two main material risk types - insurance risk and market risk. Within each risk type the sensitivities performed cover the underlying drivers of the risk profile. The sensitivities have not been calibrated, unless stated, 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 up 100bps
5. Interest rate – yield curve down 100bps
6. Credit spreads widen 100bps
7. Currency – 25% adverse movement in euro and US dollar vs sterling
8. ASHE – long term inflation assumption up 50bps
9. Loans – severe peak unemployment scenario<sup>1</sup>

# UK Co- and Reinsurance Arrangements



- 38% 'Other' quota share in place until at least 2024
- Munich Re continues to underwrite 40% of the UK business
  - 20% Quota share in place until 2026
  - 20% Coinsurance in place until 2029
  - Improvement in net cost to Admiral from 2022 underwriting year (see next slide)

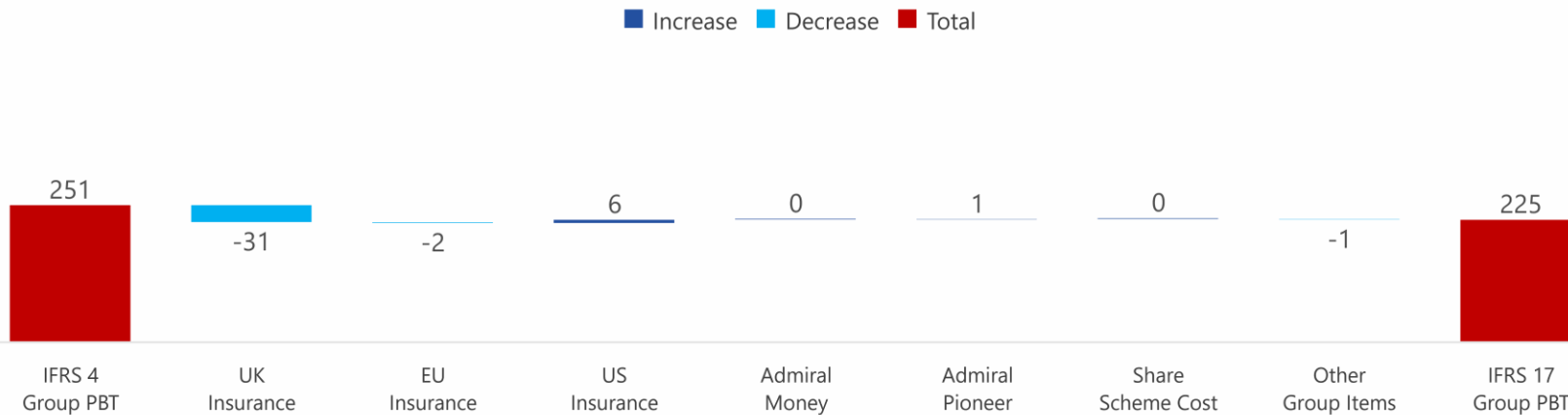
- Quota share contracts where Admiral retains 30%
- Contracts in place until at least the end of 2024

# UK Car Co- and Reinsurance Arrangements<sup>1,2</sup>

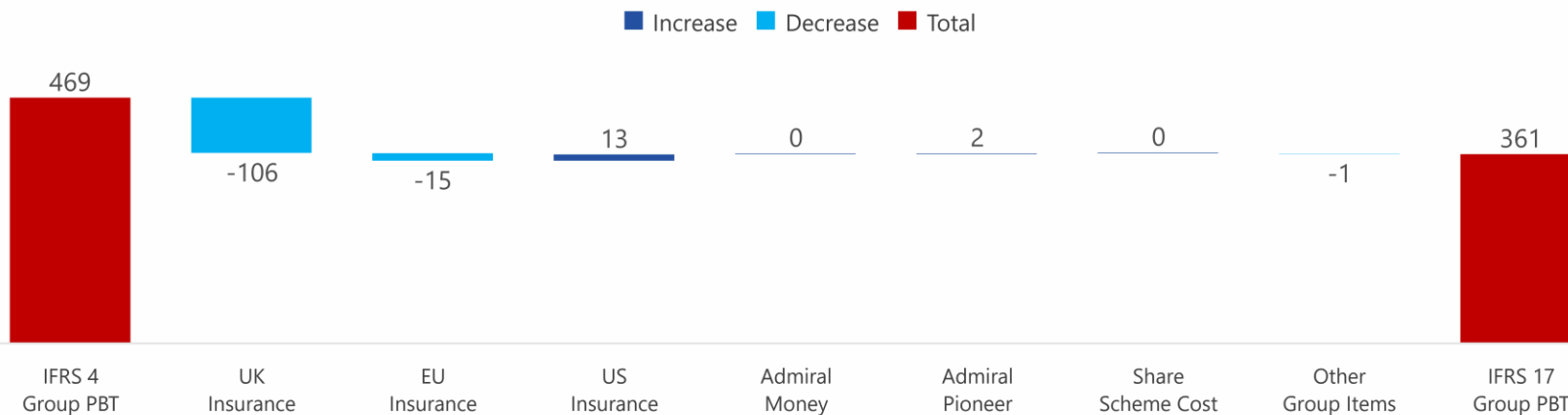
<b>Type</b>	Munich Re Proportional co-insurance – 20% from 2022 underwriting year onwards	Proportional reinsurance (quota share) – 58% from 2022 underwriting year onwards (20% Munich Re, 38% other reinsurers)
<b>Cost to Admiral</b>	Variable, depending on combined ratio	Fixed – c.2% of premium
<b>Risk protection</b>	Co-insurance	Reinsurance, protection starts at 100% combined ratio + allowance for investment income
<b>Profit commission</b>	Key items in profit commission calculation include premium, claims, expenses, share scheme costs  Profit share % variable based on combined ratio and calculated in tranches. Admiral's share of profit is c.65% at typical combined ratios under recent contracts and c.75% from 2022 underwriting year onwards	N/A  Recognised on an expected cashflow basis, including risk adjustment: this means that on funds withheld contracts (UK Motor) there is no recognition of profit commission (the only cashflows are payments of margin to the reinsurer, and collections of claims recoveries on unprofitable years). Refer to slide 56
<b>Recoveries</b>	N/A	Recoveries made when reinsurer's proportional share of claims costs (incl. risk adjustment) + expenses + margin – allowance for investment income exceeds premium  Reductions in booked loss ratio (i.e. including risk adjustment) can lead to reductions in recoveries in subsequent periods
<b>Funds withheld</b>	No	All
<b>Investment income</b>	Munich Re	Admiral (although allowance for investment income is included when calculating recoveries if combined ratio > c.100%)
<b>Instalment income</b>	Admiral	Admiral
<b>Commutation</b>	Not applicable	Admiral has option to commute contracts and typically does this 36 months after the start of the underwriting year

# Group Profit H1 & FY 2022: IFRS4 to IFRS17 by Business

Group PBT H1 2022: IFRS 4 to IFRS 17



Group PBT FY 2022: IFRS 4 to IFRS 17



## UK Insurance:

- Impacts primarily relate to UK Motor. Further analysis follows
- Lower prior year release of risk adjustment (IFRS17) compared to risk margin (IFRS4)
- Impact larger in H2

## European Insurance:

- Small offsetting impacts in H1
- Larger impacts in H2, with lower prior year release of risk adjustment vs risk margin, aligned with UK

## US Insurance:

- Favourable impact of IFRS17 due to lower acquisition costs (written under IFRS17 vs earned IFRS4) and higher quota share recoveries

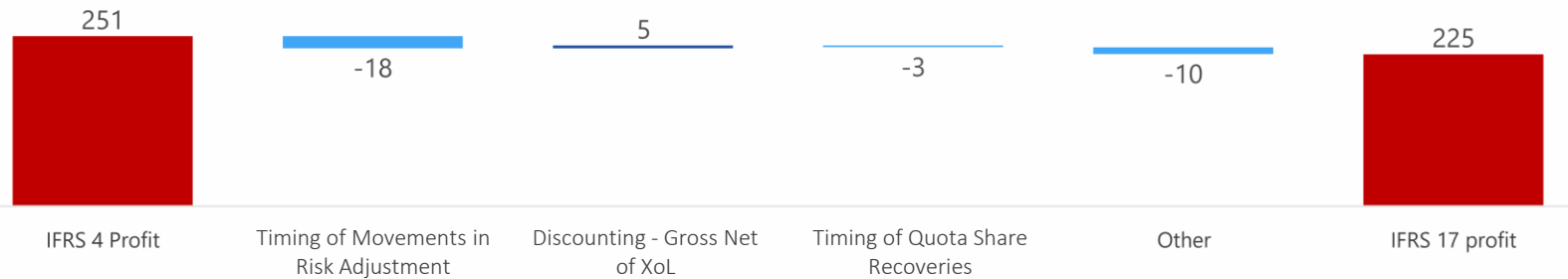
## Other

- No significant impacts for other group businesses

# Group Profit H1 & FY 2022: IFRS4 to IFRS17 PBT Waterfall

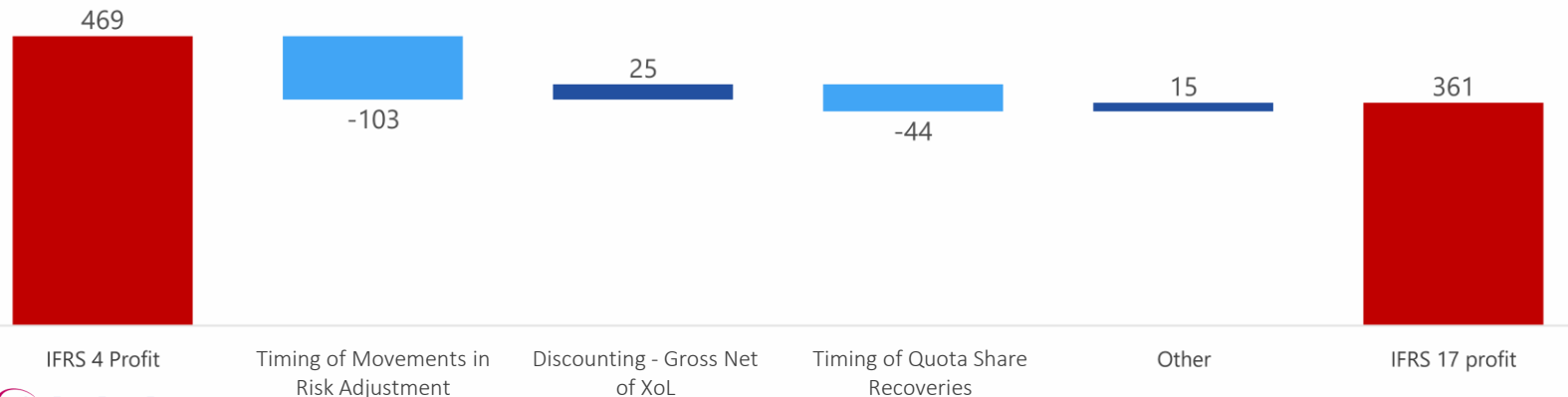
Group PBT H1 2022: IFRS4 to IFRS17

■ Increase ■ Decrease ■ Total



Group PBT FY 2022: IFRS4 to IFRS17

■ Increase ■ Decrease ■ Total



## Risk adjustment vs booked margin:

- IFRS4 and IFRS17 at 95th percentile risk adjustment at YE 2022
- Difference in when that change happened: under IFRS17 at transition, under IFRS4 during 2022

## Discounting and quota share recoveries:

- High discount rates give some benefit to claims incurred compared to IFRS4
- This is reduced by the unwind of discounting on prior periods claims incurred (within finance expenses)
- A large part of the discounting benefit on current year claims incurred also drives the adverse movement on quota share recoveries; high discounting of quota share recoveries on current period claims with small prior year unwind given most prior underwriting years commuted
- Increased impact of discounting and related quota share impact for full year 2022 due to higher claims cost in H2

## Unwind PY Discounting:

- Net insurance finance expenses under IFRS17: unwind of discounting of claims incurred in prior periods at locked in rates

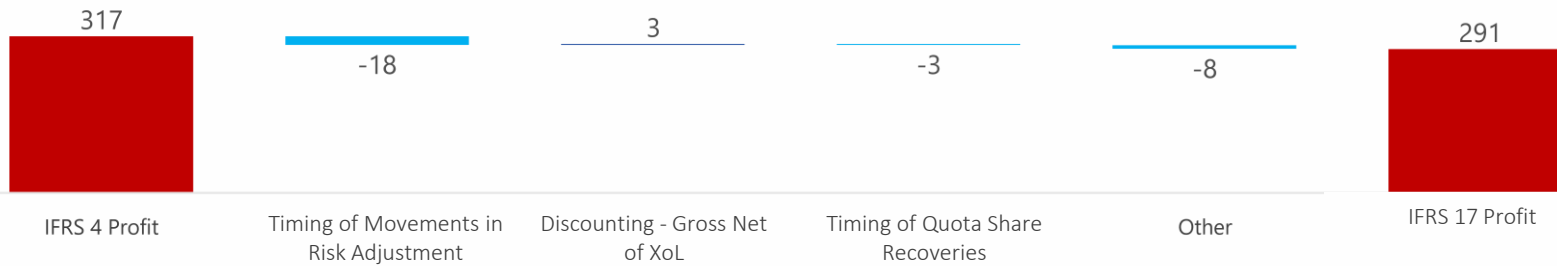
## Other:

- A number of immaterial movements: acquisitions costs; onerous loss component; earning of ancillary premium

# UK Motor Profit H1 & FY 2022 : IFRS4 to IFRS17 PBT Waterfall

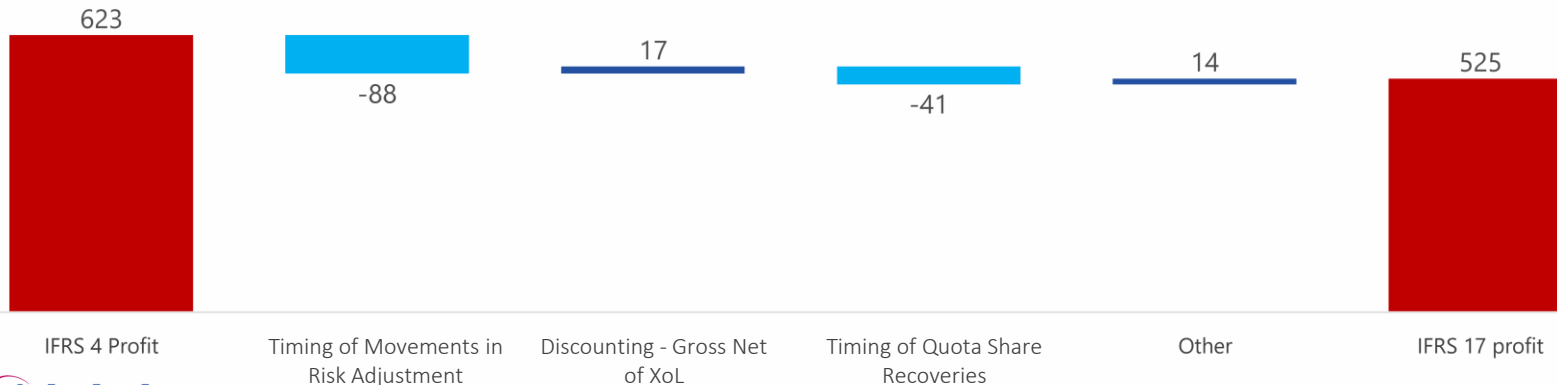
UK Motor Profit H1 2022: IFRS4 to IFRS17

■ Increase ■ Decrease ■ Total



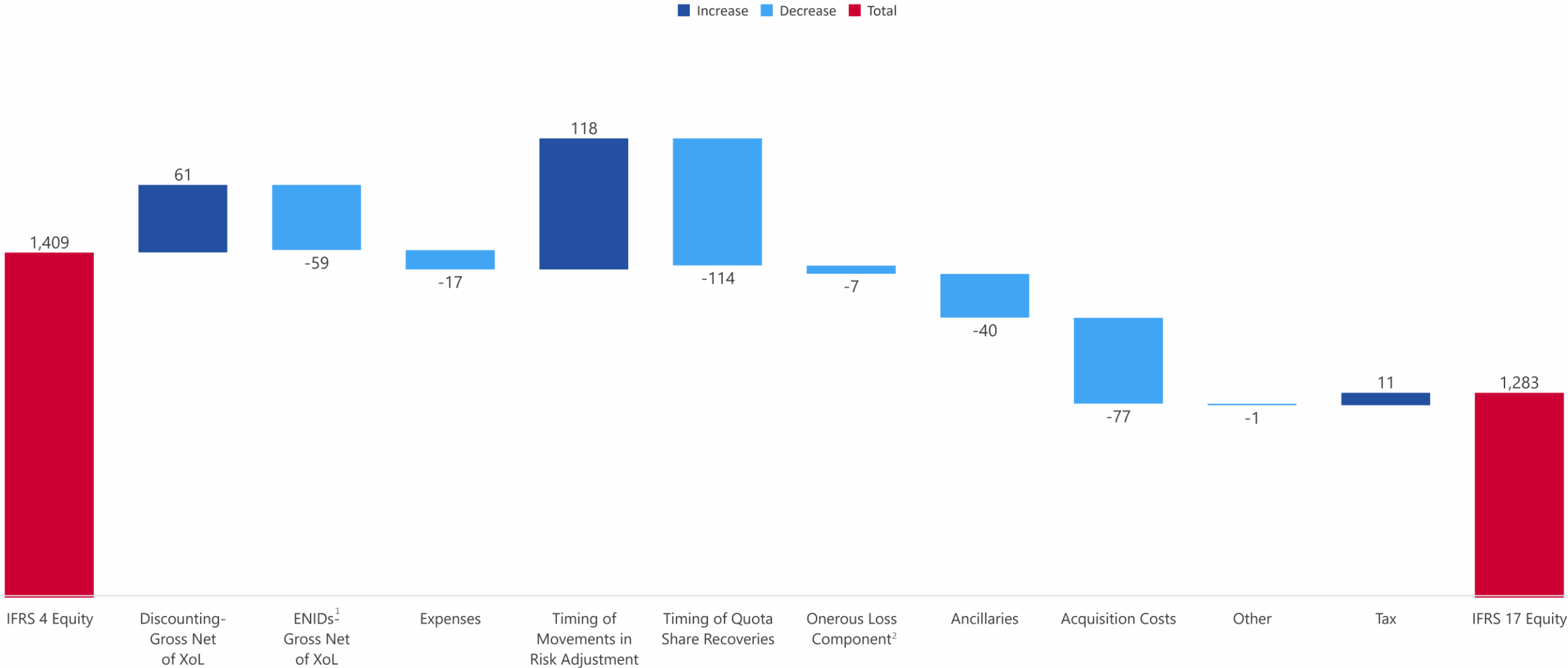
UK Motor Profit FY 2022: IFRS4 to IFRS17

■ Increase ■ Decrease ■ Total



- UK Motor drives majority of IFRS 4 to IFRS 17 movements in 2022
- Primary driver is timing of the movement in risk adjustment
- Discounting Gross net of XoL claims for FY 2022 is a positive impact on current year claims (circa £50m) offset by an unwind of finance expense on prior period claims (circa £33m)
- Majority of adverse impact of quota share recoveries is discounting on current period recoveries (i.e. offsetting positive impact on gross net of XoL claims)
- Small positive unwind on prior years claims given contracts commuted

# Group Equity Waterfall FY 2021: IFRS4 to IFRS17





# IFRS4 into IFRS17 Income Statement

## IFRS4 income statement (management view)

A	Gross earned premium
B	XoL reinsurance premium
C	Quota share reinsurance premium
<b>Net earned premium</b>	
D	Insurance claims
E	Insurance claims recoverable from XoL reinsurers
F	Insurance claims recoverable from quota share reinsurers
<b>Net insurance claims</b>	
G	Insurance operating expenses
H	Commissions recoverable from quota share reinsurers
<b>Net Insurance expenses</b>	
I	<b>Investment income</b>
<b>Underwriting profit including investment income</b>	
J	Profit commission to/from coinsurance arrangements
K	Profit commission from reinsurance arrangements
<b>Total profit commission</b>	
L	Instalment income
M	Other commision income and fees, net of costs
<b>Net other revenue</b>	
<b>Insurance profit before tax</b>	
N	Admiral Money
O	Share scheme costs
P	Other costs
<b>Profit before tax</b>	

## IFRS17 income statement (management view)++

A	Gross earned premium
L + M	Other insurance revenue
B	XoL reinsurance premium
<b>Insurance premium earned net of XoL</b>	
D + Q	Insurance claims
E Q	Insurance claims recoverable from XoL reinsurers
<b>Insurance claims costs net of XoL</b>	
G	Insurance operating expenses
<b>Insurance expenses</b>	
<b>Underwriting result excluding quota share and onerous loss component</b>	
C + F + H + K + Q	Quota share reinsurance result
R	Onerous loss component
<b>Underwriting result</b>	
J	Profit commission to/from coinsurers
L + M	Net other revenue and instalment income
<b>Insurance operating profit</b>	
I	Investment income
S	Net finance expenses from insurance and reinsurance contracts
<b>Net investment income</b>	
<b>Insurance profit before tax</b>	
N	Admiral Money
O	Share scheme costs
P	Other costs
<b>Profit before tax</b>	

## New under IFRS17

- Removal of management margin, inclusion of
- Q ENIDs and risk adjustment; claims recognised as discounted values
- R Onerous loss component (net of reinsurance)
- S Unwind of discounting on insurance claims and insurance claims recoveries from reinsurers

Quota share reinsurance result	
C	Quota share reinsurance premium
H	Commissions recoverable from quota share reinsurers
<b>Quota share ceded premiums</b>	
F	Insurance claims recoverable from quota share reinsurers
K	Profit commission from reinsurance arrangements
<b>Quota share recoveries</b>	
Quota share reinsurance result	

All shown on a net cashflow basis meaning premiums ceded and claims recoveries will be shown NET for funds withheld contracts (UK motor). Additional information will be provided to enable a comparison to IFRS4, where amounts are reported gross.

# UK Motor H1 2022: IFRS17 vs IFRS4

£m	IFRS 4	Add back	Split out	IFRS 4	IFRS 17	Difference
	As reported	Quota share	Other revenue	Re-presented		
Insurance premium revenue	239.6	572.5	53.4	865.5	865.5	0.0
Other insurance revenue	-	-	55.9	55.9	55.9	0.0
<b>Insurance revenue</b>	<b>239.6</b>	<b>572.5</b>	<b>109.3</b>	<b>921.4</b>	<b>921.4</b>	<b>0.0</b>
<b>Insurance revenue, net of XoL reinsurance</b>	<b>234.8</b>	<b>555.7</b>	<b>109.3</b>	<b>899.8</b>	<b>899.8</b>	<b>0.0</b>
Insurance expenses	(57.5)	(112.2)	(12.2)	(181.9)	(183.7)	(1.8)
Insurance claims incurred, net of xol	(220.5)	(504.1)	(13.4)	(738.0)	(721.6)	16.4
Insurance claims releases, net of XoL	159.6	49.6	-	209.2	190.9	(18.3)
Quota share reinsurance result	-	14.0	-	14.0	16.2	2.2
Movement in onerous loss component, net of reinsurance	-	-	-	0.0	(3.1)	(3.1)
<b>Underwriting result</b>	<b>116.4</b>	<b>3.0</b>	<b>83.7</b>	<b>203.1</b>	<b>198.5</b>	<b>(4.6)</b>
Investment income	19.8	2.3	0.5	22.6	20.9	(1.7)
Net Insurance finance expenses	-	-	-	0.0	(14.5)	(14.5)
<b>Net investment income</b>	<b>19.8</b>	<b>2.3</b>	<b>0.5</b>	<b>22.6</b>	<b>6.4</b>	<b>(16.2)</b>
Profit commission	71.0	(17.2)	-	53.8	53.8	0.0
Other net income	110.1	11.9	(84.2)	37.8	32.2	(5.6)
<b>UK motor profit before tax</b>	<b>317.3</b>	<b>0.0</b>	<b>0.0</b>	<b>317.3</b>	<b>290.9</b>	<b>(26.4)</b>
<b>KPIs (IFRS 17 definitions)</b>						
Reported loss ratio				58.8%	59.0%	
Reported expense ratio				20.2%	20.4%	
Reported Combined Rratio				79.0%	79.4%	
Reported loss ratio before releases				82.0%	80.2%	
Claims reserve releases as % of revenue				-23.2%	-21.2%	
Reported insurance service margin				22.6%	22.1%	

IFRS 4 numbers re-presented in IFRS 17 format:

- IFRS 4 originally reported on net of all reinsurance basis
- Illustrative IFRS 17 format sees insurance premium revenue and costs grossed up for quota share reinsurance, with the quota share result presented in one line
- Other revenue is allocated out to individual line items

Prior year releases

- Lower under IFRS 17 vs IFRS 4
- No reduction in risk adjustment confidence level under IFRS 17; small reduction in IFRS 4

Discounting

- Net favourable impact for IFRS 17 vs IFRS 4
- Quota share result also includes discounting

Other

- Small increases in expenses (written basis under IFRS 17 vs earned acquisition costs under IFRS 4)
- Reduction in other net income as some commissions earned under IFRS 17

# Loss and Expense Ratios

£m	RNS Note	Core Product	Other Revenue	Total Gross	Total Gross, Net of XoL Reinsurance	Core Product Net of XoL Reinsurance
Insurance Premium Revenue (E)	5b/5d	907.7	53.5	961.2	935.2	881.7
Other Insurance Revenue <sup>1</sup>	5b		58.8	58.8	58.8	—
Insurance Revenue (A)	5b/5d	907.7	112.3	1,020.0	994.0	881.7
Administration and Acquisition Expenses (B)	5c	(206.6)	(13.9)	(220.5)	(220.5)	(206.6)
Claims Incurred ('C)	5c/5d	(833.9)	(17.2)	(851.1)	(834.2)	(817.0)
Claims Releases (D)	5c/5d	249.1	—	249.1	237.1	237.1
<b>Current Period Loss Ratio (C/A)</b>					<b>83.9%</b>	<b>92.7%</b>
<b>Claims Releases (D/A)</b>					<b>(23.9%)</b>	<b>(26.9%)</b>
<b>Loss Ratio ((C+D)/A)</b>					<b>60.1%</b>	<b>65.8%</b>
<b>Expense Ratio (B/A)</b>					<b>22.2%</b>	<b>23.4%</b>

## Reported Ratios

**Reported Loss Ratio:** Total claims, net of XoL reinsurance recoveries, across both the core product and ancillary products, divided by total insurance revenue net of XoL reinsurance premiums.

**Reported Expense Ratio:** Total insurance expenses, excluding share scheme costs (net of all reinsurance recoveries), across both the core product and ancillary products, divided by total insurance revenue net of XoL reinsurance premiums.

## Core Product Ratios:

**Core Product Loss Ratio:** Total claims, net of XoL reinsurance recoveries, for the core product only, divided by insurance premium revenue, net of XoL reinsurance premiums.

**Core Product Expense Ratio:** Total insurance expenses, excluding share scheme costs (net of all reinsurance recoveries), for the core product, divided by insurance premium revenue, net of XoL reinsurance premiums.

## 1. Reported ratios

- Used to describe overall performance of line of business, reflecting true profitability of all products sold within that line of business
- Includes premium, related expenses and claims costs from ancillary products and other insurance revenue

## 2. Core product ratios

- For analysis of individual underwriting year profitability for core product
- Used when presenting:
  - Individual underwriting year loss ratios
  - Profit by underwriting year analysis

# Loss Ratios, Discounting and Finance Expenses

## UK Motor: Future Finance Expense Remaining<sup>1,3</sup>

At financial year end	Underwriting Year									
	2016	2017	2018	2019	2020	2021	2022	2023		
FY 2021	8.7	11.0	19.6	17.1	20.3	19.5				
FY 2022	3.8	14.0	12.3	15.3	16.4	46.0	53.0			
HY 2023	4.0	10.6	8.6	13.2	14.4	41.0	75.2	12.7		

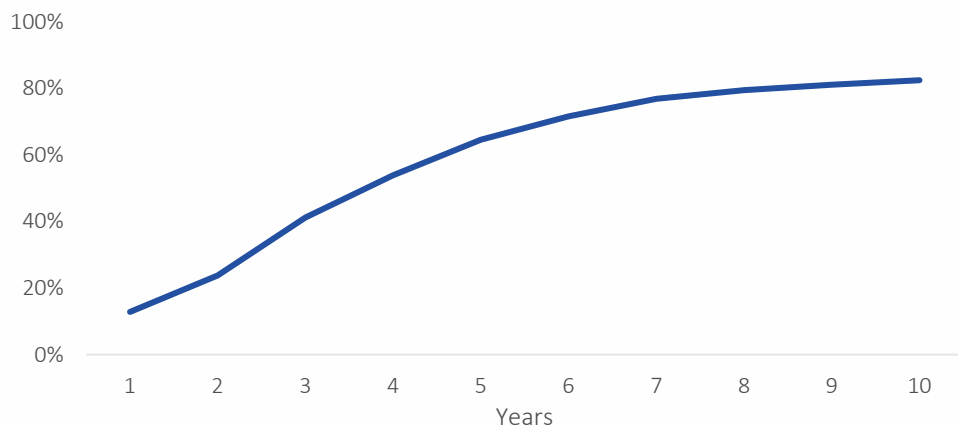
Finance expense gradually decreasing on prior UWYs, as claims are paid and reserves decrease in size

As claims are incurred, the amount of discounting that will be unwound in future years increases

Difference between undiscounted and discounted loss ratio larger on UWYs with higher yield curves when accidents were incurred, leading to larger future unwind of finance expense

Cost of unwinding discounting (to reflect full cost of paid claims) recognised as insurance finance expenses and will align to profile of undiscounted claims liabilities. Example profile of unwind<sup>2</sup> for an individual UWY as a proportion of total finance expense to be recognised shown opposite

### Unwind of Finance Expense



## Undiscounted loss ratios

- No discounting for time value of money
- Reflective of ultimate cash settlements expected (best estimate); plus undiscounted risk adjustment (booked loss ratio)

## Discounted loss ratios

- Based on claims incurred as reported through insurance expenses in income statement; these are discounted claims costs
- Excludes unwind of finance expense (separately reported)
- Finance expense based on expected payment of claims reserves (set at start of each financial year), at “locked-in” yield curves rates i.e. the yield curves in place when claim originally incurred

# UK Motor Cumulative Profit Recognition FY 2022: IFRS17 vs IFRS4

£m	Prior	Underwriting Year						Total
		2017	2018	2019	2020	2021	2022	
Total written premium, net of XoL cost		1,951	2,077	2,026	2,166	2,132	1,859	
Total earned premium, net of XoL cost		1,951	2,077	2,026	2,166	2,132	1,859	
Total Admiral premium net of XoL		1,373	1,480	1,456	1,562	1,551	891	
Discounted combined ratio, booked <sup>1</sup>		77%	85%	89%	83%	108%	137%	
Cumulative Insurance service profit		313	222	167	264	(121)	(328)	
Quota share reinsurance cumulative result		(19)	(20)	(22)	(23)	74	91	
Net onerous loss component							(3)	
Profit commission - Co-insurance		80	47	31	70	-	(3)	
Net other revenue (excl Instalment income)		148	162	152	130	131	97	
Instalment Income		72	86	92	106	85	78	
Investment income		33	32	43	38	42	53	
Finance expenses <sup>1</sup>		(2)	(4)	(4)	(3)	(11)	(7)	
<b>Cumulative earned basis profit (booked) by UWY</b>		<b>625</b>	<b>524</b>	<b>460</b>	<b>582</b>	<b>202</b>	<b>(22)</b>	
<b>Profit recognised current period</b>	<b>81.5</b>	<b>39</b>	<b>93</b>	<b>43</b>	<b>69</b>	<b>222</b>	<b>(22)</b>	<b>525</b>
<b>Combined ratio, booked IFRS 4</b>		<b>77%</b>	<b>84%</b>	<b>87%</b>	<b>82%</b>	<b>116%</b>	<b>152%</b>	
Cumulative profit IFRS 4		617	550	472	612	175	99	
<b>Profit recognised in current period IFRS 4</b>	<b>114</b>	<b>49</b>	<b>133</b>	<b>82</b>	<b>103</b>	<b>43</b>	<b>99</b>	<b>623</b>

- Presentation aligned to IFRS17 format:

- Starting point based on total premium net of XoL (i.e. excluding quota share)

- Quota share result presented separately. For UWYs 2020 and prior, no further movement expected given full cost of margin recognised and UWYs are profitable

- Discounted loss ratio and finance expenses based on period from 1 January 2022 (transition date)

- Cumulative profit on UWYs 2020 and prior similar to IFRS4: differences driven by small differences in loss ratio

- Significant difference in profitability of current UWYs that are still being earned:

- Higher profit on UWY 2021 during 2022 under IFRS17: due to quota share earning of recoveries over both 2021 and 2022 financial years

- UWY 2022 in a cumulative loss position in IFRS17 at FY 2022: again due to quota share recoveries being earned in line with premium ceded, resulting in a mismatch against gross costs recognised

# UK Motor Profit Recognition HY 2023

£m	Prior	Underwriting Year						Total	
		2017	2018	2019	2020	2021 <sup>3</sup>	2022		2023
Total written premium, net of XoL cost		1,951	2,077	2,026	2,166	2,132	2,100	1,298	
Total earned premium, net of XoL cost		1,951	2,077	2,026	2,166	2,132	1,859	308	
Total Admiral premium net of XoL		1,373	1,480	1,456	1,562	1,551	1,520	252	
Discounted combined ratio, booked <sup>1,2</sup>		76%	84%	86%	80%	104%	117%	167%	
Cumulative Insurance service profit		329	241	206	309	(60)	(254)	(168)	
Quota share reinsurance cumulative result		(19)	(19)	(22)	(24)	31	137	10	
Net onerous loss component		0	0	0	0	0	(1)	(3)	
Profit commission - Co-insurance		86	54	44	83	0	(3)	(2)	
Net other revenue and instalments		220	247	244	236	217	230	68	
Investment income		33	32	43	38	42	53	48	
Finance expenses <sup>1</sup>		(3)	(5)	(5)	(5)	(16)	(18)	(1)	
<b>Cumulative earned basis profit (booked) by UWY</b>	<b>-</b>	<b>646</b>	<b>550</b>	<b>510</b>	<b>637</b>	<b>214</b>	<b>144</b>	<b>(48)</b>	
<b>Profit recognised current period</b>	<b>15</b>	<b>22</b>	<b>25</b>	<b>51</b>	<b>55</b>	<b>12</b>	<b>166</b>	<b>(48)</b>	<b>298</b>
<b>Sensitivities</b>									
1 point improvement				11	13	6	3		
1 point deterioration				(11)	(13)	(6)	(3)		
3 point improvement				34	38	18	9		
3 point deterioration				(34)	(38)	(14)	(9)		
5 point improvement				55	62	37	14		
5 point deterioration				(57)	(63)	(23)	(14)		

Notes: (1) The Expense Ratio for this period is higher as it takes into account admin expenses on a written basis whilst premium is calculated on an earned basis; (2) UK Car (excl. Van); (3) 2021 UWY excludes restructure costs

# Illustrative example: QS Accounting & Guide/Notes

UWY 20X1	FY 20X1		FY 20X2		FY 20X3		Total
	Value		Value		Value		
Total written premium net of XoL <sup>1</sup>	2,000		2,000		2,000		
QS share of premium <sup>2</sup>	1,200		1,200		1,200		
QS margin to be paid (A) <sup>2</sup>	(24)		(24)		(24)		
Undiscounted booked loss ratio <sup>1</sup>	100%		90%		80%		
Written expense ratio <sup>1</sup>	20%		20%		20%		
Investment income allowance <sup>2</sup>	(2%)		(2%)		(2%)		
% recovered (>100%) <sup>2</sup>	18%	216	8%	96	-2%	-	
Discounted claims and expense recovery (B) <sup>3</sup>	80%	173	80%	77	80%	-	
Total written recovery/(cost) (A + B)	149		53		(24)		
Earned at year end <sup>4</sup>	50%	74	100%	53	100%	(24)	
<b>P+L impact in year</b>	<b>74</b>		<b>(21)</b>		<b>(77)</b>		<b>(24)</b>

- UK Motor quota share recoveries earned based on expected cashflows
- Lower premiums and recoveries: same ultimate cost as IFRS 4
- Estimation of QS recoveries at each period end, and P+L impact in year, can be made using use QS share of premiums, expenses and claims
- Example illustration provided
- Key inputs / assumptions:
  - QS share of premium
  - Cost of margin
  - Combined ratio (undiscounted)
  - Discounting of net quota share recoveries
  - Earning profile

Notes: (1) Total written premium net of XoL, written expense ratio and undiscounted booked loss ratio provided at end of each underwriting year; to be estimated at initial recognition (2) Assumptions to be based on quota share contractual arrangements – purely illustrative examples assume ~60% QS recoveries, ~2% reinsurer margin, 2% investment income allowance on funds withheld contracts (3) Undiscounted and discounted quota share assets provided at end of each year in claims triangles; to be estimated at initial recognition – illustrative example assumes discounted recoveries as 80% of total (4) Earning profile estimated

# 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 around 90% of earnings for foreseeable future

## Dividend dates

Ex-dividend date: 07 September 2023

Record date: 08 September 2023

Payment date: 06 October 2023



# Admiral brands



# Disclaimer

The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the company, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. Unless otherwise stated, all financial information contained herein is stated in accordance with generally accepted accounting principles in the UK at the date hereof.

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

This document is being distributed only to, and is directed at (a) persons who have professional experience in matters relating to investments, being investment professionals as defined in article 19(5) of the Financial Services And Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully be communicated under the Order (all such persons together being referred to as "Relevant Persons"). Any person who is not a Relevant Person should not act or rely on this document or any of its contents. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The financial information set out in the presentation does not constitute the Company's statutory accounts in accordance with section 423 Companies Act 2006 for the half year period ending 30 June 2023.