



Admiral Group plc 2020 Full Year Results

4 March 2021

Overview & Strategic Outlook

Milena Mondini, Group CEO

Group Financials

Geraint Jones, Group CFO

UK Insurance

Cristina Nestares, UK Insurance CEO

International Insurance

Costantino Moretti, Head of International Insurance

Loans

Scott Cargill, Admiral Financial Services CEO

Looking After the Future

Milena Mondini, Group CEO

Q&A

All

Celebrating ConTe's 10 year birthday



Celebrating Christmas – 2020 style



Overview & Strategic Outlook

Milena Mondini, Group CEO

The foundations of Admiral Group: Our drivers of success

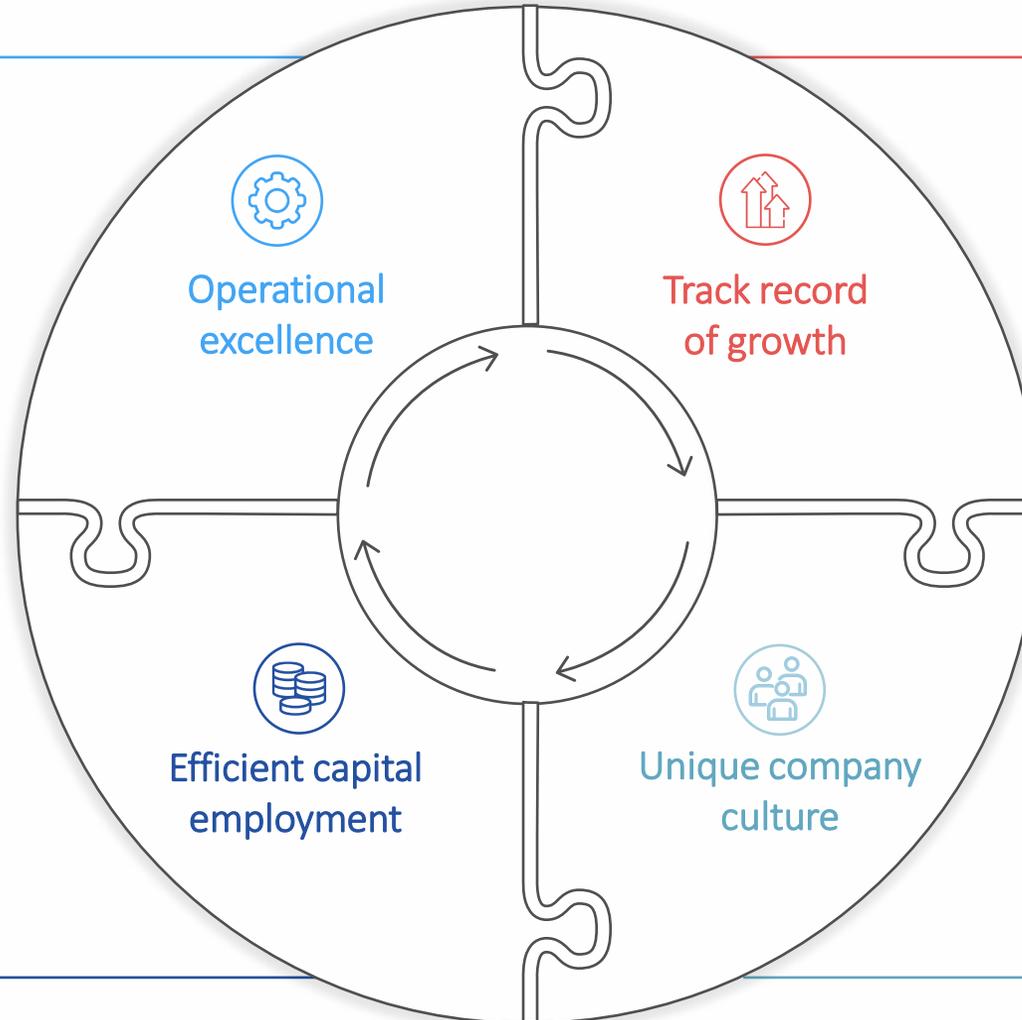
89%¹

Avg. Group CR since 2010

- Superior risk selection, data analytics & pricing
- Efficient claims management
- Cost-conscious culture
- Effective customer acquisition

53%²

Avg. Group ROE since 2010



x2.8³

Total Group customers since 2010

+1.4m⁵

Int'l customers since 2010

<5%⁴

Group profit invested in new ventures

+1.3m⁶

UK non-motor customers since 2010



Award-Winning Workplace

- Great place to work
- Customer focus

Group highlights: Positive outcomes during a challenging year

- Positive result and business outcomes
- Growth across businesses and geographies
- Progressed strategy and strengthened core capabilities...
- ...whilst doing the right thing for our stakeholders

In 2020, we continued to focus on our stakeholders...



Customers

- £110m refund
- Price reductions group-wide
- Supported key workers
- Payment holidays



Employees

- Prioritised staff wellbeing
- Invested in flexible working
- 90% said Admiral is a great place to work



Communities

- £6m Covid fund and other initiatives
- Support for repair partners
- Carbon neutral operations

Shareholders

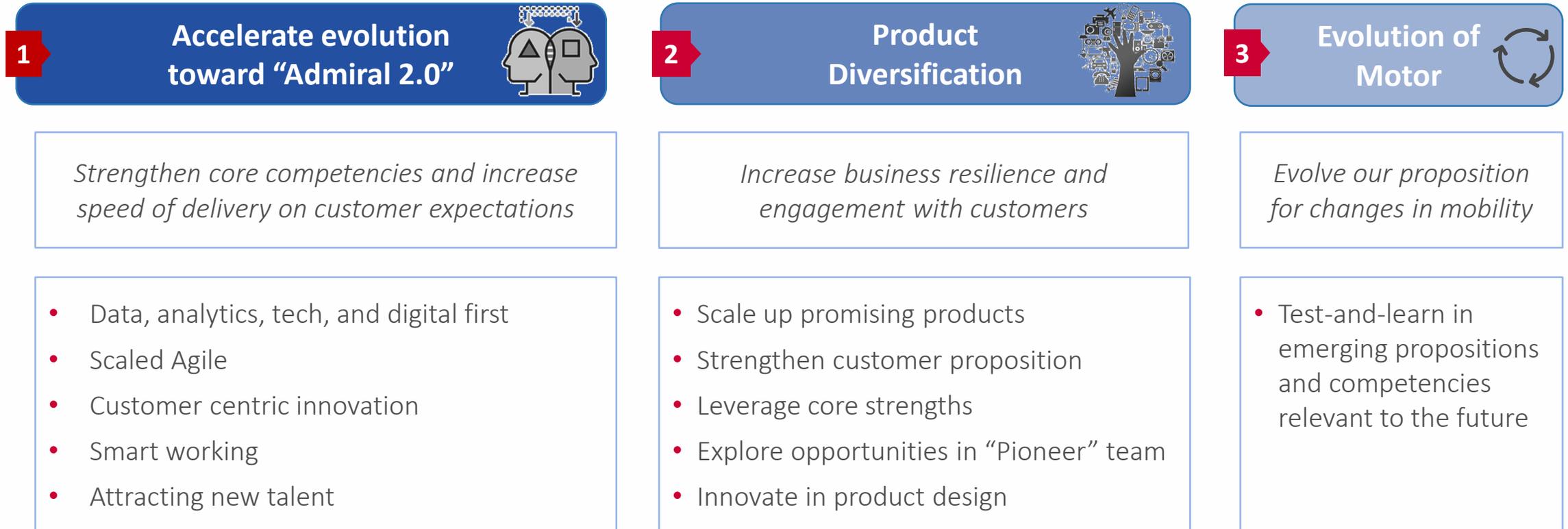
- + 21% Profit (£638m)
- + 10% Customers (7.66m)
- + 2% Turnover (£3.55b)
- + 12% FY DPS¹ (156.5p)

...and build on our strategic priorities for the future

To provide more products to happier customers:

WHY?

KEY PILLARS



2020 accelerated existing trends; Admiral accelerated its strategic progress

KEY
TRENDS



Ways of working and living



Digital and data analytics



Mobility

STRATEGIC
PROGRESS

1 Accelerate evolution toward “Admiral 2.0” 

- 50% increase in digital interactions
- 3x Admiral Mobile App users¹
- Strong adoption of cloud
- Agile best practice across Group
- Enabled remote working
- +5% NPS & record retention

2 Product Diversification 



- Material customer growth and doubled profit in Household
- Strengthened Loans business
- New:



3 Evolution of Motor 

- Veygo: Flexible, short-term motor insurance
- 47% growth to 150K+ customers²
- Profitable since 2019



David's first day as CEO



David's farewell management call



Group Financials

Geraint Jones, Group CFO

Positive results in a Covid dominated year

£638m

Profit before tax¹

2019: £526m

+ 21%

7.66m

Customers

2019: 6.98m

+ 10%

£3.55bn

Turnover^{2,3}

2019: £3.46bn

+ 2%

179.5p

Earnings per share

2019: 148.3p

+ 21%

187%

Solvency ratio

2019: 190%

- 2%

52%

Return on equity

2019: 52%

-

156.5p

Full year dividend per share⁴

2019: 140.0p

+ 12%

Positive growth in Insurance customers; Loans balances fall due to Covid response



UK Motor Insurance¹

£2,474m

Turnover²

2019: £2,455m

+ 1%

4.75m

Customers

2019: 4.37m

+ 9%



UK Household Insurance

£194m

Turnover

2019: £171m

+ 13%

1.16m

Customers

2019: 1.01m

+ 14%



International Car Insurance

£649m

Turnover

2019: £624m

+ 4%

1.60m

Customers

2019: 1.42m

+ 13%

Loans

AFSL[£]

£360m

Balances³

2019: £455m

- 21%

Comparison

PENGUIN PORTALS

£190m

Turnover

2019: £172m

+ 11%

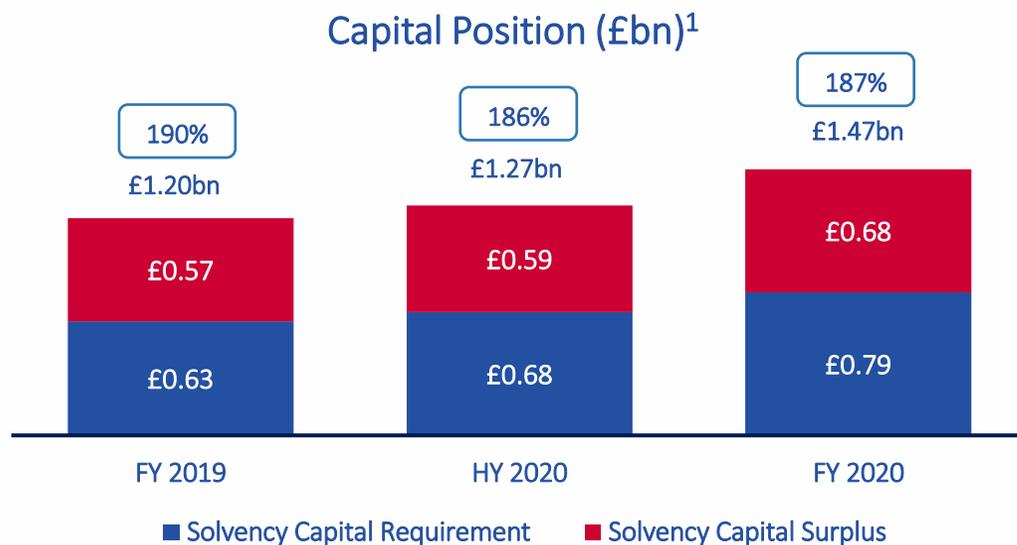
Strong releases and lower current year loss ratio contribute to increased profit

Group Profit before Tax¹

	2020	2019	Change
UK Insurance	£698.1m	£597.4m	+£100.7m
International Car Insurance	£8.8m	(£0.9m)	+£9.7m
Loans	(£13.8m)	(£8.4m)	(£5.4m)
Comparison	£31.0m	£18.0m	+£13.0m
Other Group Items	(£85.7m)	(£80.0m)	(£5.7m)
Total	£638.4m	£526.1m	+£112.3m

- UK Insurance profit £101m higher (~£68m factoring in negative Ogden impact on 2019)
 - Motor profit +£91m (lower CY² loss ratio offsetting lower releases; higher investment income)
 - Household profit +£15m (lower CY loss ratio)
- International Insurance result +£10m (lower CY loss ratio)
- Loans result worse due to increased credit loss provisions
- Strong Comparison result

Higher profit and strong solvency position lead to 12% increase in full year dividend



- c.£100m increase in surplus capital vs end 2019 as increased profitability exceeds increased SCR²
- Very strong solvency position maintained
- Full year dividend increase of 12% similar to profit increase (adjusting for Ogden impact in 2019)
- Final 2020 dividend proposal of 86p per share, 89% payout ratio, 12% ahead of 2019 final dividend

Other developments

- Comparison businesses (excluding Compare.com) disposal announced December 2020
 - Net proceeds to Admiral expected to be c.£450m
 - Subject to regulatory approvals; completion expected in Q2 2021
 - Firmly believe the transaction is a very positive outcome for all stakeholders; combination with RVU provides solid foundation for future success
- UK motor reinsurance extensions for post-2021 expected to be completed in Q2 2021
- More challenging outlook for investment income in 2021 due to lower rates (1.3% return in 2020, likely to be ~1% in 2021)
- Internal model application delayed, now not expected in 2021

Group summary

- Group continued to grow despite Covid impacts
- Continued strong releases and lower current year loss ratio contributed to increased Group profit
- 12% increase in full year dividend; very strong solvency position maintained

Admiral's Inspire Choir performing live



Admiral's Inspire Choir performing virtually



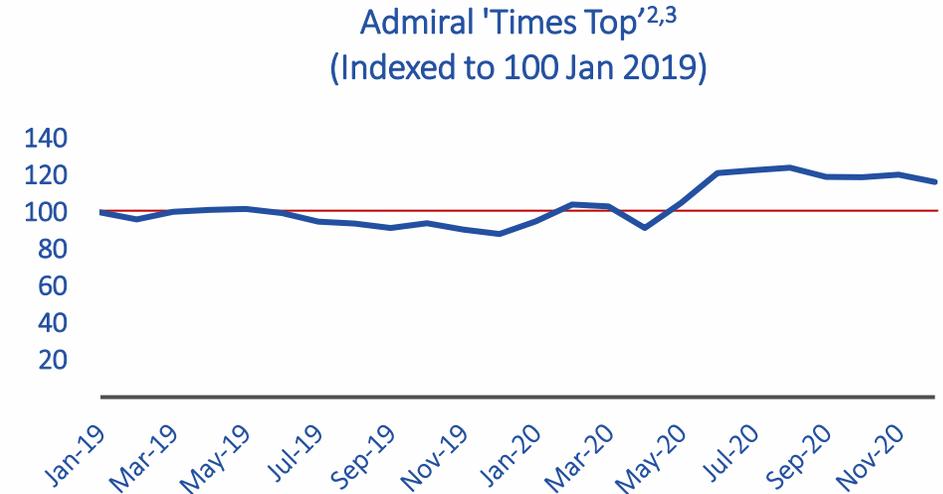
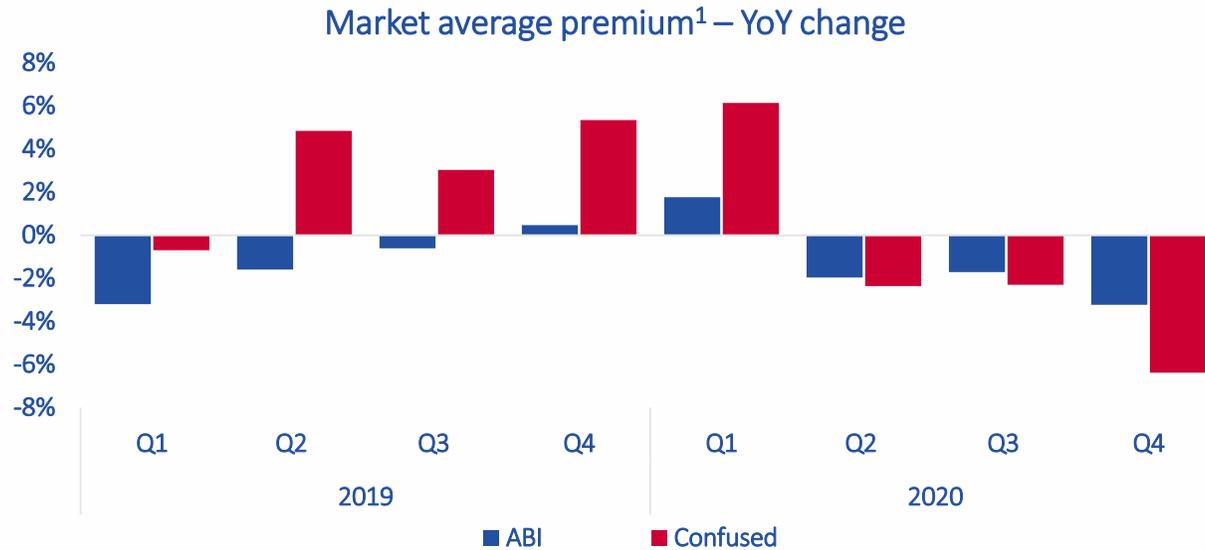
UK Insurance

Cristina Nestares, UK Insurance CEO

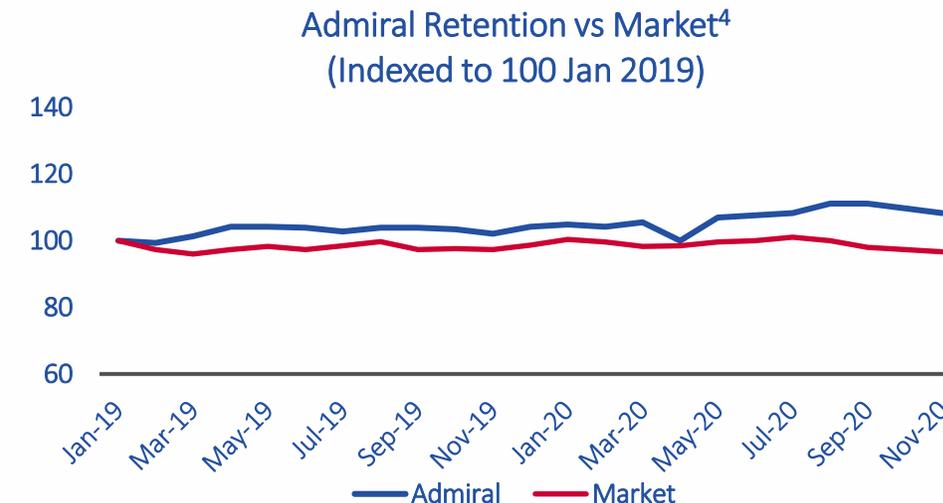


- Motor growth 9% as Admiral reduced prices more than the market
- Strong profit due to prior year reserve releases and lower 2020 frequency
- Decrease in ancillary income due to a reduction in claims income and a shift to digital
- Positive Household profit and growth; limited losses in Travel
- 2021: Expect higher loss ratio as frequency increases to more normal levels

Motor growth 9% as Admiral reduced prices more than the market



- Market prices reduced slightly
 - ABI premium £468, down 3% YoY⁵ and up 2% QoQ⁶
 - Confused premium £763, down 6% YoY and -0.3% QoQ
- Admiral reduced prices more than the market
- Strong business growth in H2 and retention for the year

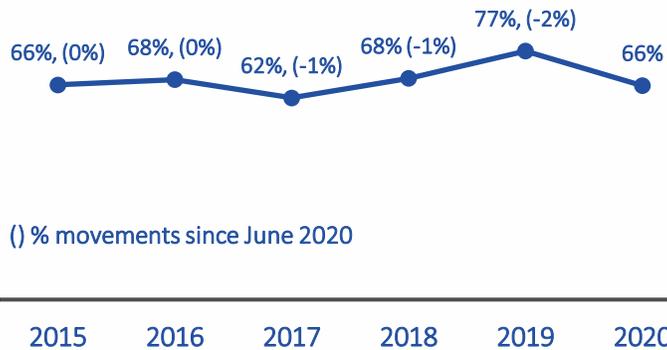


Notes: (1) Source: ABI Motor Insurance Premium Tracker Q4 2020 and Confused.com Car Insurance Price index in association with Willis Towers Watson Q4 2020; (2) 'Times Top' represents the percentage of times Admiral brands appear in the top position on an aggregator search; (3) Telematics policies were paused in 2020 due to Covid, impacting Times Top results (4) Management estimates; (5) Year on Year; (6) Quarter on Quarter

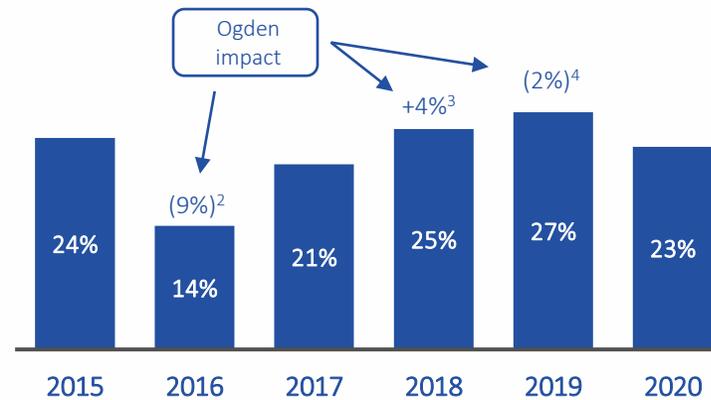
Strong profit due to prior year reserve releases and lower 2020 frequency



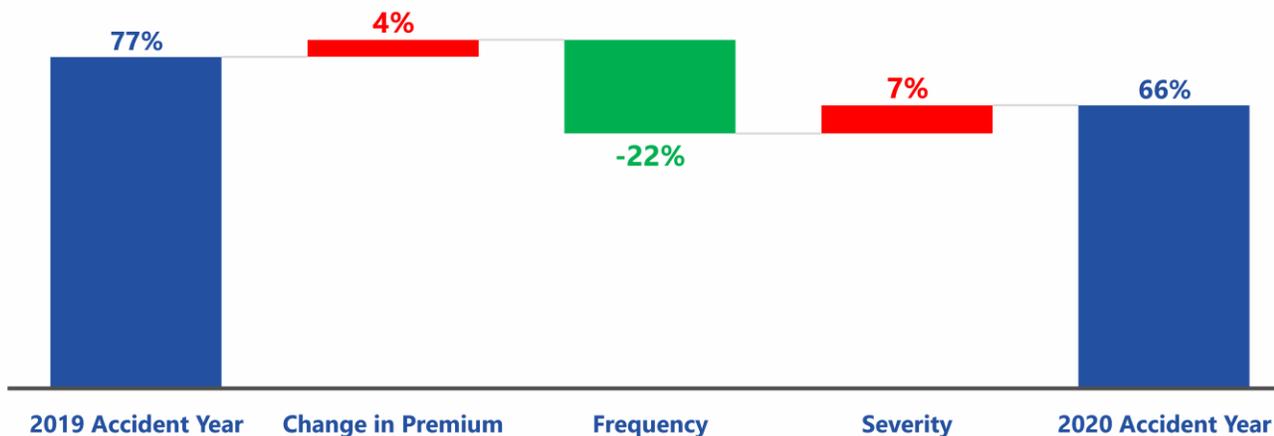
Admiral Projected Ultimate Loss Ratio¹



Releases on Original Admiral Net Share

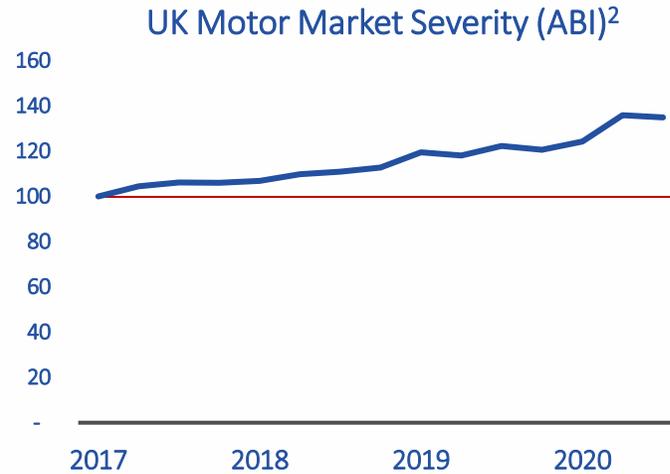
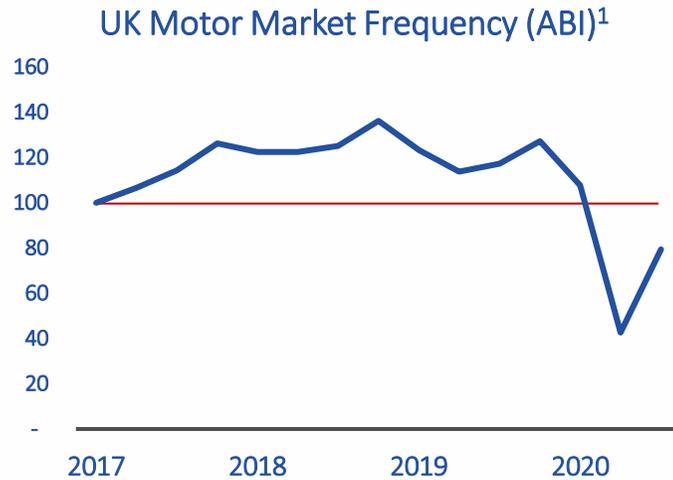


Accident Year 2019 to 2020⁵

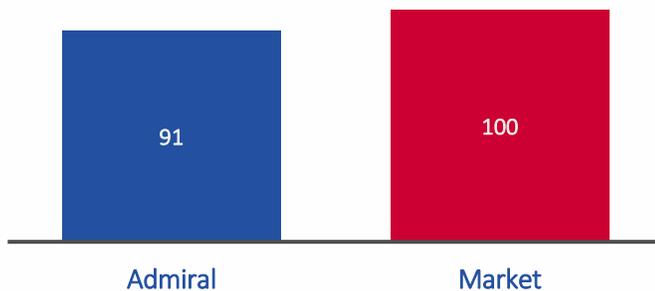


- Positive prior year reserve releases
- Conservatism in reserve margin remains unchanged
- Significant drop in loss ratio due to claims frequency
- Severity increased more than in previous years

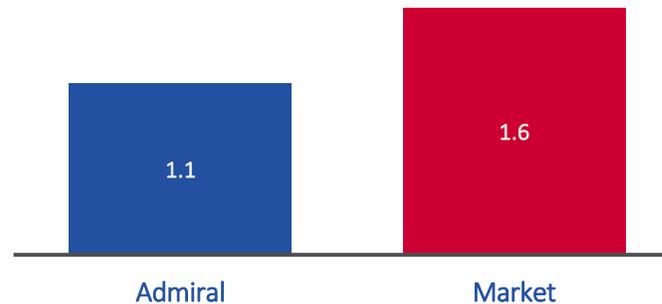
Claims frequency drop slightly offset by damage inflation; Admiral continues to outperform market on claims costs



2020 Total Claims Cost
(Indexed to Market³)



Claim-Related Complaints
per 1000 Policies in Force⁴

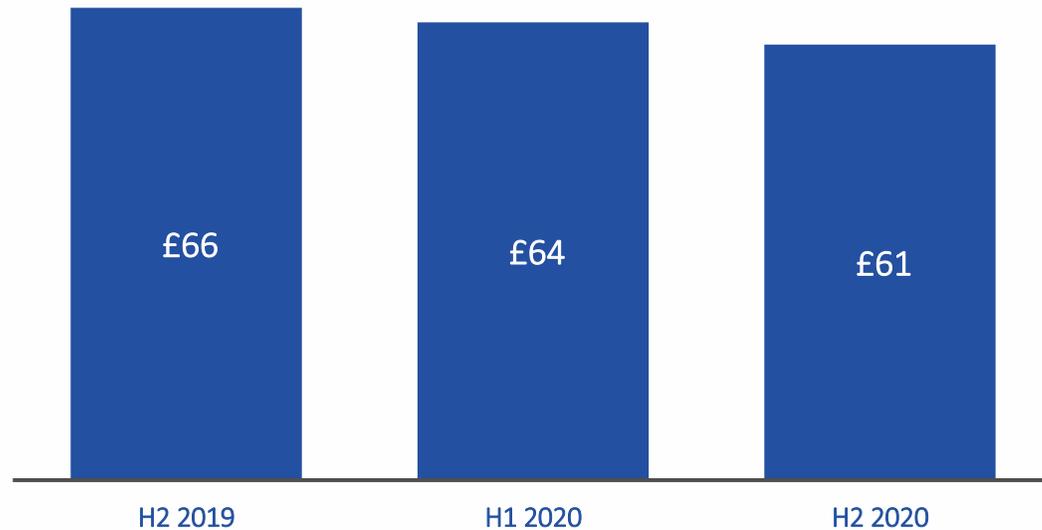


- Significant Covid frequency impact; more severe in early lockdowns
- Severity inflation, particularly in early lockdown
- Admiral provided ongoing financial support to garages and NHS & emergency workers
- Admiral continues to outperform the market on overall claims costs
- We also outperform in customer outcomes, with a lower complaints ratio than the market
- Underlying claims trends (ex Covid) remain similar

Decrease in ancillary income due to a reduction in claims income and a shift to digital



Other Revenue per Vehicle¹

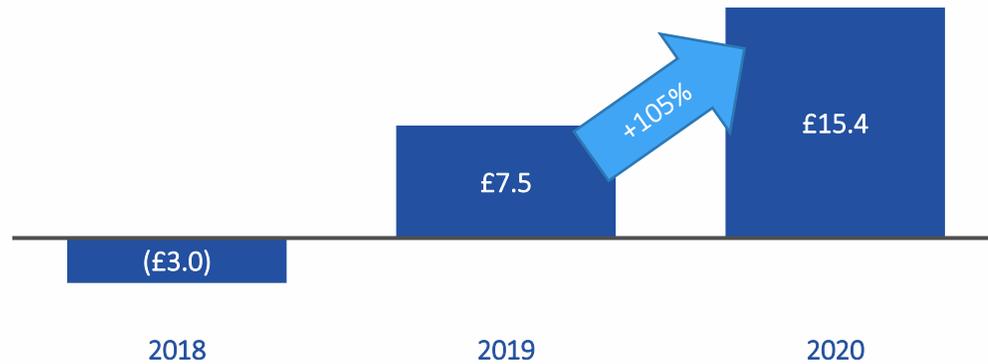


- Lower frequency impacted additional income as non-fault income at claims stage has decreased proportionally
- Acceleration in shift to digital channels
- Other revenue expected to remain stable in future
 - Increase as claims frequency increases
 - Whiplash reform will increase the cost of providing MLP² by a few pounds
 - Continued shift to digital

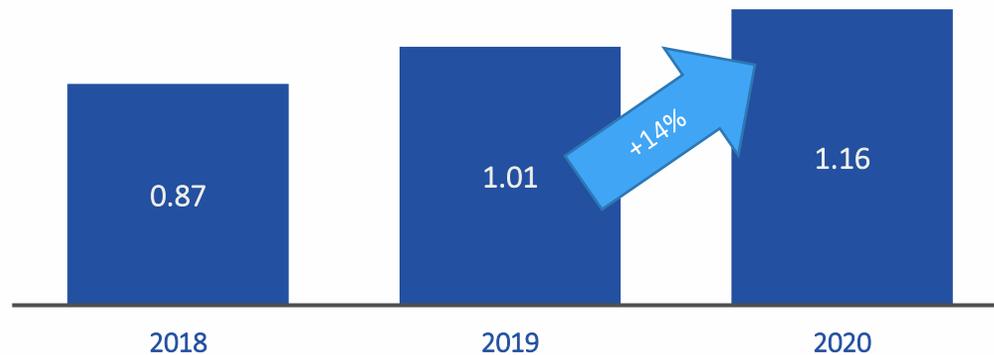
Positive Household profit and growth



Household Profit/Loss (£m)



Active Customer Base (m)



- Strong HH profit results
- Shift in claims mix
 - Increased accidental damage
 - Lower spend on escape of water and reduction in theft
- Growth of book
 - Cross-sell with Multi cover proposition
 - Premium reduction to pass savings to customers
- Profit growth return to more normal levels in future

2021: Expect higher loss ratio as frequency increases to more normal levels



2021: Increase in LR as frequency increases

- Ease of lockdown measures will result in higher frequency
- 2021 loss ratio expected to be higher than 2020 as frequency returns to normal
- Market will need to unwind some of the Covid-driven discounts
- Some positive impact of whiplash reform

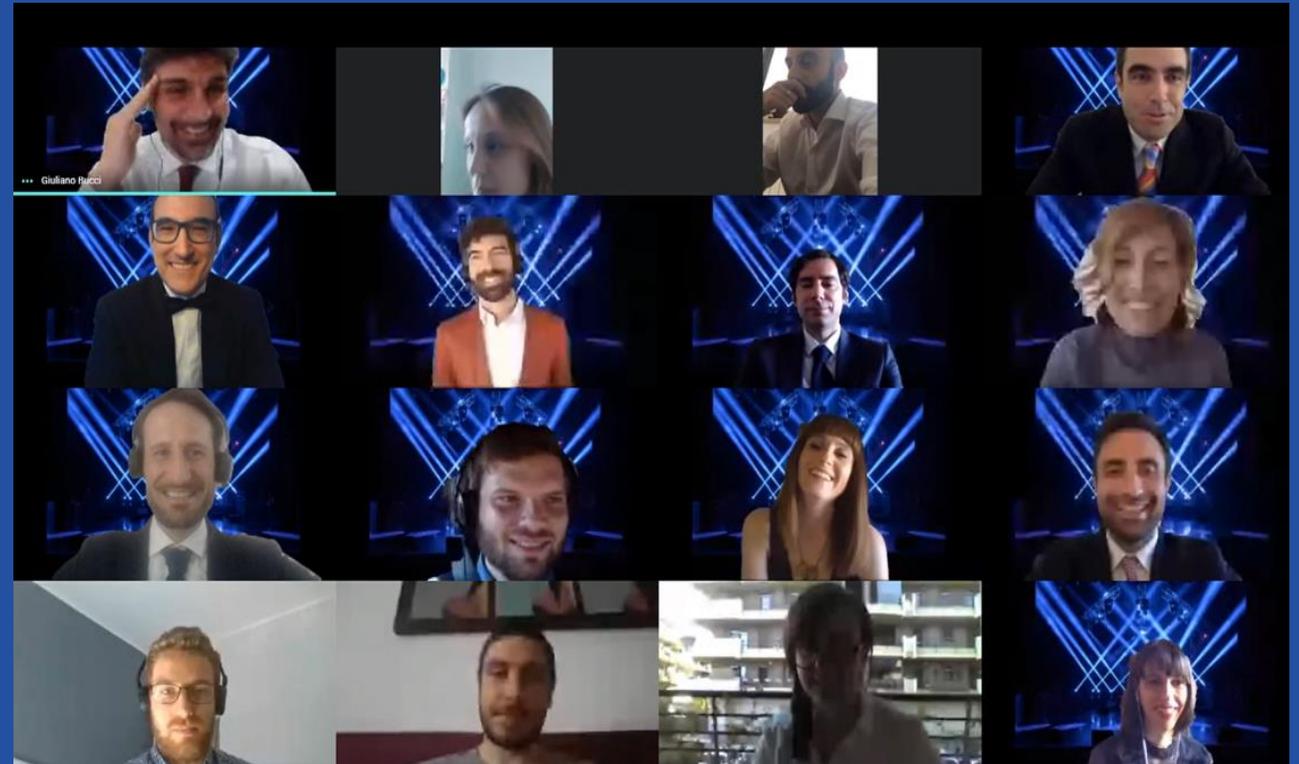
Future: Uncertainty of FCA pricing study

- Uncertain impact on retention
- Admiral in a strong position:
 - Our customers are already shoppers so our gap is not as big as others
 - Being a good underwriter will be more important than ever, playing to Admiral's strengths
- Strengthening the core: Admiral 2.0

Celebrating our people at ConTe



Celebrating our people...virtually



International Insurance

Costantino Moretti, Head of International Insurance

Highlights: International Insurance

- Strong set of results across all operations, impacted by lower frequency trends
- US improved underlying result due to focus on strengthening loss ratio fundamentals
- All Europeans operations profitable, notably ConTe
- Continued focus on efficiencies and digital improvements

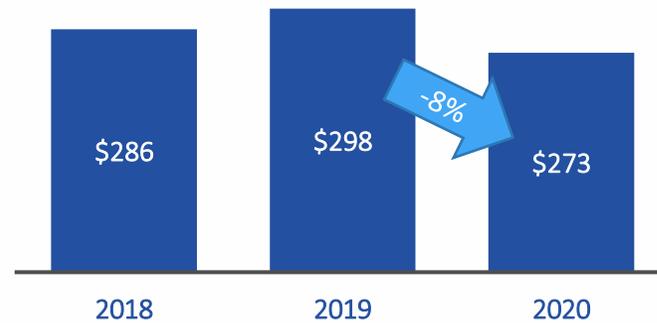
US improved underlying result due to focus on strengthening loss ratio fundamentals



Admiral Share of Loss (\$m)¹

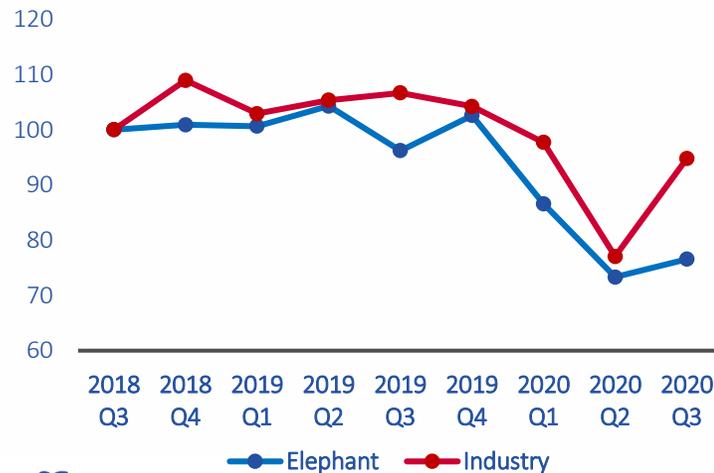


Elephant Turnover (\$m)

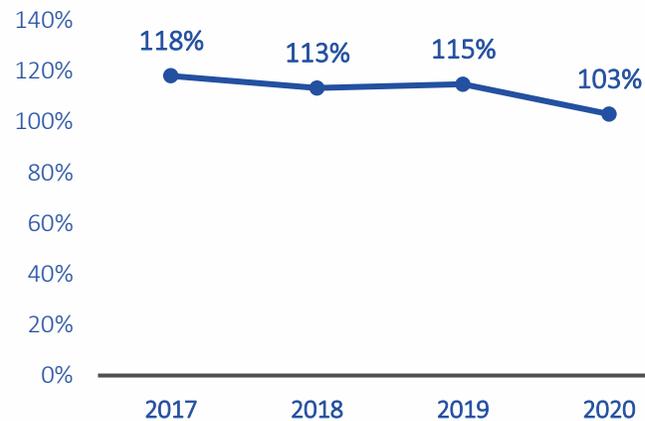


- Loss ratio improvements impacted by
 - Lower frequency due to Covid
 - Improvement in fundamentals due to increased focus on risk selection
- Premium impacted by shift to 6 month policies
- Delivering an efficient operating business
 - 15% reduction in calls per policy
 - Rolled out to two new states: Ohio and Georgia
 - Launched a work-from-home discount to support customers

US Loss Ratio: Elephant vs Market²
Indexed to Q3 2018



Elephant Combined Ratio



Notes: (1) Represents Admiral share after reinsurance; (2) Market data: S&P Global Market Intelligence

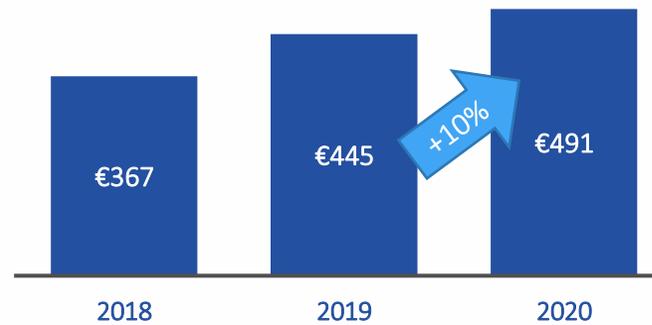
EU operations all profitable



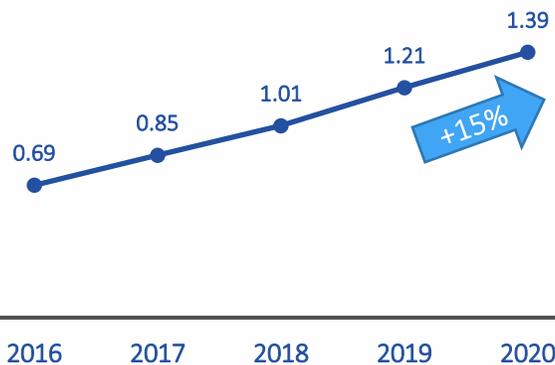
EU Combined Result (€m)¹



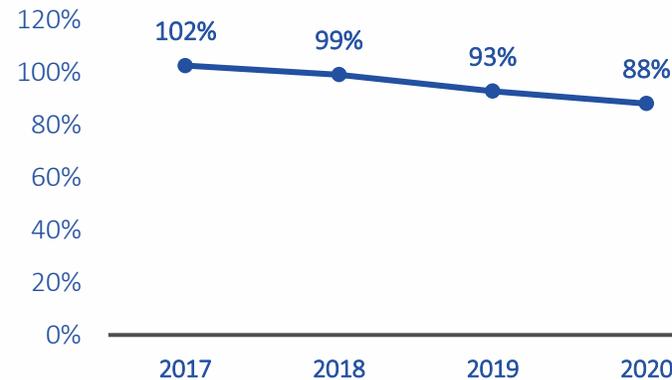
EU Turnover (€m)



EU Customer Base (m)



EU Combined Ratio²



- All European operations profitable, notably ConTe
- Motor markets benefited from large reductions in claims frequency
- Innovative operations, customer focused digital solutions
- >30% increase in EU active policy base per FTE since 2016

Celebrating together



Still celebrating together

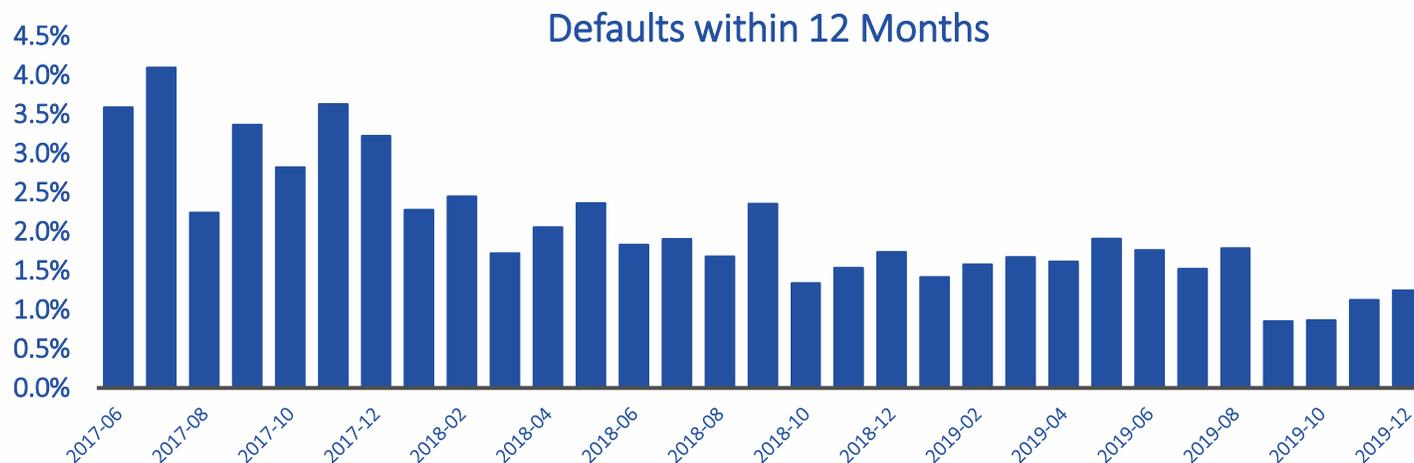


Loans

Scott Cargill, Admiral Financial Services CEO

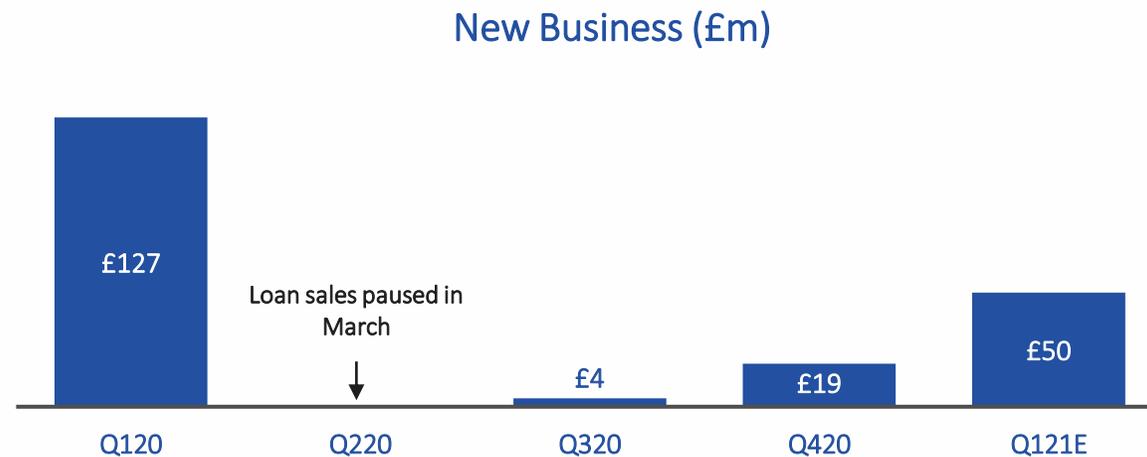
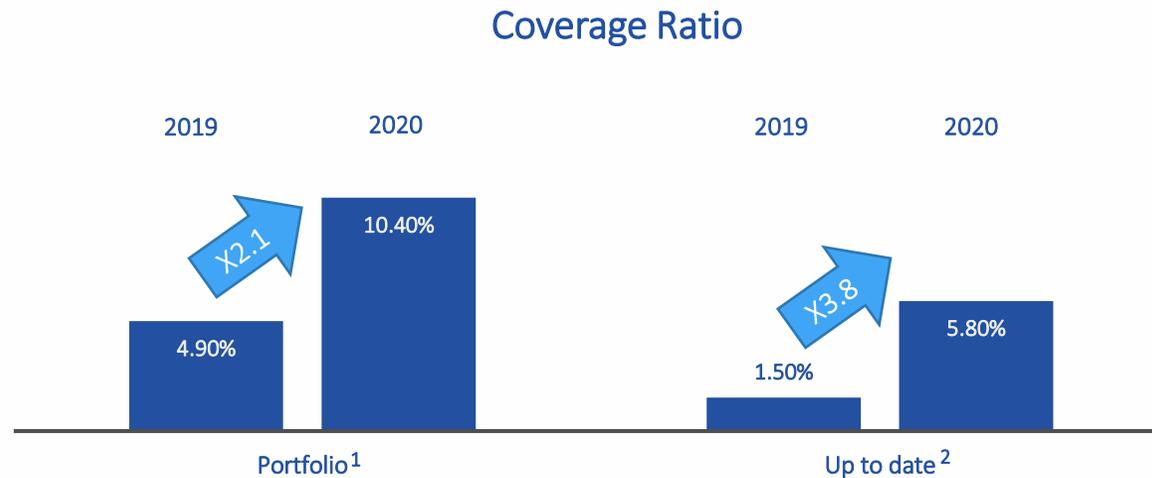


Higher P&L losses due to projected future increase in UK unemployment; actual customer payment performance positive



- Uncertainty in macro environment, provisions increased
- Loans loss performance has been similar and in certain months better than prior periods
- <1% of book on payment holiday at end of year, confirming prime bias

Coverage ratios materially increased; gradual return to market



- Coverage ratios materially increased
- Quick response to Covid in response to adverse UK forecasts; paused lending in Q1 with a cautious phased re-entry to market in Q3
- Evolution of the market plays to Admiral strengths
- Gross Loans balance expected to be in range of £500-550m by end 2021



Looking After the Future

Milena Mondini, Group CEO

- Caring culture
- Empowering people
- Being there when most needed

Our purpose is to
Help more people
to look after their future.

- Accessible, fair prices
- Growth
- Inclusivity

Always striving for
better, together

- Protect what's important
- Enable goals and dreams
- Act sustainably, for tomorrow

- Operational excellence
- Test-and-learn culture
- 'People who like what they do, do it better'

- 'Power of the Team'
- Alignment of stakeholder interests
- Dedication to communities

Admiral's Purpose

We want to make a positive contribution because we care



Notes: (1) MSCI disclaimer: The use by Admiral Group plc of any MSCI ESG research llc or its affiliates ("MSCI") data and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation or promotion of Admiral Group plc by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Conclusion: Admiral is an even stronger company today, well-positioned for the future



Our strong foundations supported positive results and good outcomes for all stakeholders during a challenging year



We saw good progress in products beyond motor and beyond the UK, while also developing our core competencies for a post-Covid world



Our unique culture and focus on creating long-term, sustainable businesses readies us for tomorrow and beyond

Top 10 department awards ceremony



Celebrating Top 10 virtually



Appendix

Group Key Performance Indicators¹

KPI	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Group Financial										
Turnover £m	2,190	2,215	2,030	1,971	2,119	2,576	2,958	3,283	3,463	3,550 ²
Customers m	3.4	3.6	3.7	4.1	4.4	5.2	5.7	6.5	7.0	7.7
Group pre-tax profit ¹ £m	299.1	344.6	370.7	356.5	376.8	284.3	405.4	479.3	526.1	638.4
Earnings per share	81.9p	95.1p	104.6p	103.0p	107.3p	78.7p	117.2p	137.1p	148.3p	179.5p
Dividend per share	75.6p	90.6p	99.5p	98.4p	114.4p	114.4p	114.0p	126.0p	140.0p	156.5p
UK Insurance										
Customers (000)	2,966	3,019	3,065	3,316	3,612	4,116	4,616	5,238	5,473	5,977
Total premiums £m	1,729	1,749	1,562	1,482	1,590	1,863	2,098	2,270	2,322	2,373
Reported combined ratio	91.9%	90.0%	81.0%	80.0%	79.0%	88.4%	79.7%	83.6%	80.3%	70.7%
UK insurance pre-tax profit £m	313.6	372.8	393.7	397.9	444.2	338.5	466.6	555.6	597.4	698.1
Other revenue per vehicle £	84	79	67	67	63	62	64	67	66	61
International Car Insurance										
Customers (000s)	306	436	515	593	673	864	1,035	1,221	1,421	1,603
Total premiums £m	112.5	148.5	168.3	185.4	213.3	331.3	401.4	484.3	562.6	584
Reported ³ combined ratio	164%	177%	140%	127%	126%	125%	121%	116%	114%	108%
International car insurance result £m	(9.5)	(24.5)	(22.1)	(19.9)	(22.2)	(19.4)	(14.3)	(1.1)	(0.9)	8.8
Comparison										
Total revenue £m	90.4	103.5	112.7	107.5	108.1	129.2	143.6	151.0	171.6	190.0
Operating profit /(loss) ¹ £m	10.5	18.0	20.4	3.6	(7.2)	2.7	7.1	8.7	18.0	31.0

Notes: (1) Profit before tax adjusted to exclude minority interest share; (2) Net of UK Stay at Home refund which impacts Turnover by £97m; (3) Reported combined ratio is calculated on Admiral's net share of premiums and excludes Other Revenue. It has been adjusted to remove the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be 2018: 113%; 2019: 113%; 2020: 107%

Summary Income Statement¹

	UK Insurance			International Car Insurance			Comparison			Other			Admiral Group		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Turnover	2,575.7	2,635.0	2,672.0²	538.7	623.6	648.8	151.0	171.6	183.9	17.6	33.3	6.8	3,283.0	3,463.5	3,511.5
Total premiums written	2,269.8	2,321.8	2,373.3	484.3	562.6	584.0				0.0	0.0	0.0	2,754.1	2,884.4	2,957.3
Gross premiums written	1,684.0	1,725.1	1,771.6	474.1	548.6	561.2				0.0	0.0	0.0	2,158.1	2,273.7	2,332.8
Net premiums written	538.1	548.3	561.0	157.2	184.0	218.8				0.0	0.0	0.0	695.3	732.3	779.8
Net earned premium	523.9	533.2	539.7	141.7	168.6	204.2				0.0	0.0	0.0	665.6	709.4	743.9
Investment income	32.2	30.4	50.8	1.3	1.5	0.0				1.9	5.3	4.5	35.4	37.2	55.3
Net insurance claims	(242.5)	(215.8)	(150.2)	(104.0)	(137.2)	(139.3)				0.0	0.0	0.1	(346.5)	(359.3)	(289.4)
Insurance related expenses	(85.9)	(90.5)	(93.9)	(55.8)	(53.0)	(78.8)				0.0	0.0	(0.1)	(141.7)	(144.8)	(172.8)
Underwriting result	227.7	257.3	346.4	(16.8)	(20.1)	(13.9)				1.9	5.3	4.5	212.8	242.5	337.0
Profit commission	93.3	114.0	132.4	0.0	0.9	1.6				0.0	0.0	0.0	93.3	114.9	134.0
Gross ancillary revenue	213.7	208.3	193.2	15.9	18.7	21.8				0.0	0.0	0.0	229.6	227.0	215.0
Ancillary costs	(60.6)	(67.0)	(76.1)	(2.8)	(3.3)	(4.6)				0.0	0.0	0.0	(63.4)	(70.3)	(80.7)
Instalment income	82.6	85.3	102.4	2.6	2.9	3.9				0.0	0.0	0.0	85.2	88.2	106.3
Gladiator contribution										0.3	1.1	(0.8)	0.3	1.1	(0.8)
Comparison revenue							151.0	171.6	183.9			6.1	151.0	171.6	190.0
Comparison expenses							(144.4)	(156.9)	(151.4)			(8.4)	(144.4)	(156.9)	(159.8)
Loans contribution										(11.8)	(8.4)	(13.8)	(11.8)	(8.4)	(13.8)
Interest income										1.2	0.9	0.4	1.2	0.9	0.4
Other (mainly share scheme)										(66.3)	(76.6)	(77.9)	(66.3)	(76.6)	(77.9)
Interest payable										(11.3)	(11.4)	(12.1)	(11.3)	(11.4)	(12.1)
Profit/(loss) before tax	556.7	597.9	698.3	(1.1)	(0.9)	8.8	6.6	14.7	32.5	(86.0)	(89.1)	(102.0)	476.2	522.6	637.6

Notes: (1) Financial information not adjusted to exclude minority interests' share; (2) Net of UK Stay at Home refund which impacts Turnover by £97m

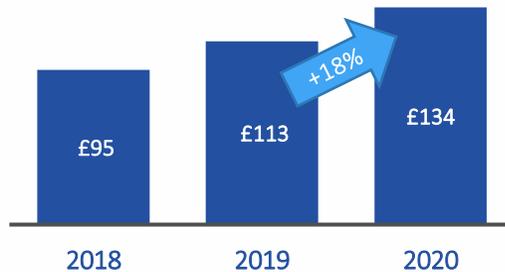
Balance Sheet

	Dec-18 £m	Dec-19 £m	Dec-20 £m
ASSETS			
Property, plant and equipment	28.1	154.4	140.4
Intangible assets	162.0	160.3	166.7
Corporation tax asset	-	-	22.9
Reinsurance contracts	1,883.5	2,071.7	2,083.2
Financial assets	2,969.7	3,234.5	3,506.0
Deferred income tax	0.2	-	-
Insurance and other receivables	1,082.0	1,227.7	1,182.0
Loans and advances to customers	300.2	455.1	359.8
Cash and cash equivalents	376.8	281.7	298.2
Assets associated with disposal group held for sale	-	-	83.0
Total assets	6,802.5	7,585.4	7,842.2
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	13.1	13.1	13.1
Retained earnings	713.5	840.9	1,004.4
Other reserves	31.4	55.1	94.9
Total equity (shareholders)	758.3	909.4	1,112.7
Non-controlling interests	12.8	9.2	10.7
Total equity	771.1	918.6	1,123.4
LIABILITIES			
Insurance contracts	3,736.4	3,975.0	4,081.3
Financial liabilities	444.2	530.1	488.6
Trade and other payables	1,801.5	1,975.9	1,991.2
Deferred income tax	-	0.4	0.9
Lease liabilities	-	137.1	122.8
Corporation tax liabilities	49.3	48.3	-
Liabilities associated with disposal group held for sale	-	-	34.0
Total liabilities	6,031.4	6,666.8	6,718.8
Total liabilities and equity	6,802.5	7,585.4	7,842.2

Summary of Comparison Results

Confused.com

Turnover (£m)



Profit Before Tax (£m)



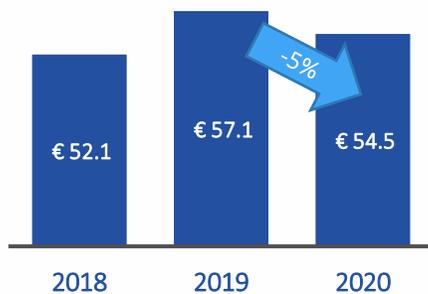
Rastreator.com



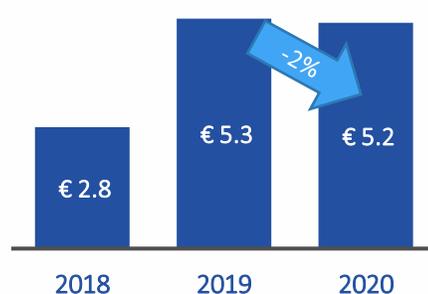
LeLynx.fr
Comparateur d'assurances

Compare.com

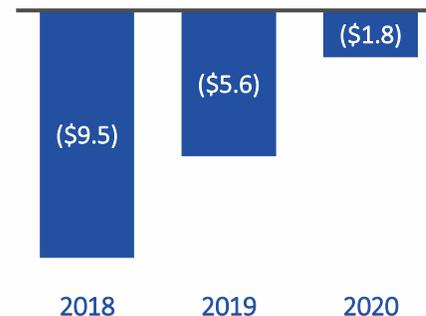
Turnover (€m)



Profit Before Tax (€m)



Admiral Share of Loss¹ (\$m)

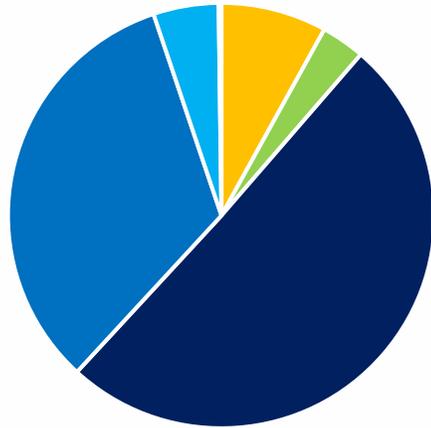


- Confused.com increased turnover by 18% and profit by 44%
- European businesses more significantly impacted by Covid, so results are pleasing
- Disposal of all Comparison businesses to RVU (excl. Compare.com) announced December 2020 (completion expected later in H1 2021)

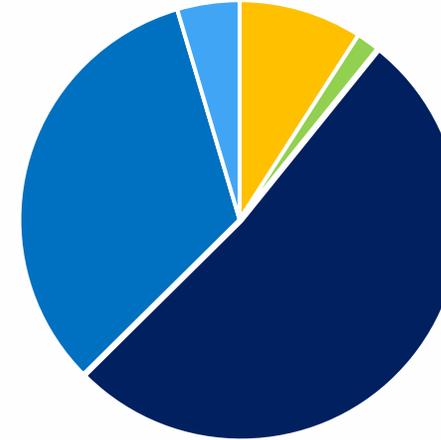
Note: (1) Result adjusted to exclude minority interest share

Investment update

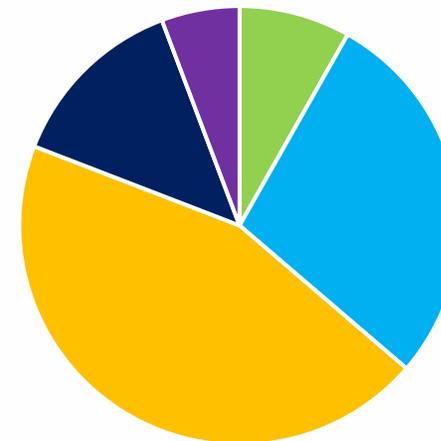
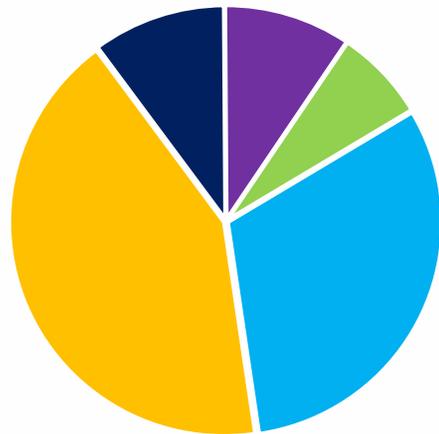
Dec '19: £3,516m



Dec '20: £3,858m



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



- AAA
- AA
- A
- BBB
- Other¹

Note: (1) 'Other' comprises of sub-BBB ratings and unrated securities. Unrated securities consists of an AAA rated money market fund backed by government securities and other unrated debt. Sub-BBB rated securities make up less than 1% of the total portfolio.

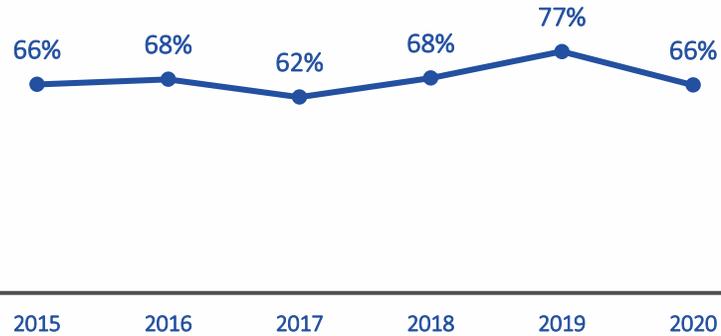
Analysis of Other Group items

	2020	2019
Share scheme charges	(53.8)	(52.7)
Other interest & investment income	4.9	6.0
Business development	(1.8)	(2.1)
Other central overheads	(22.9)	(20.0)
Finance charges	(12.1)	(11.2)
Total	(85.7)	(80.0)

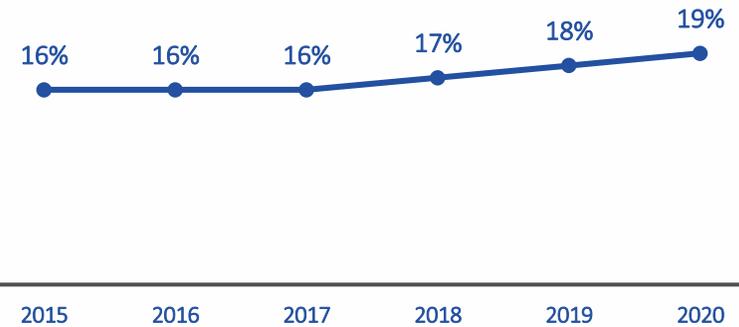
- Share scheme charges increased by £1.1 million reflecting improved vesting outcomes resulting from a higher share price
- Other interest and investment income decreased to £4.9 million. The higher number in 2019 was driven by increased investment return due to the increased cash holding in the parent company in that year
- Business development costs include costs associated with potential new ventures. During the year Admiral established Admiral Pioneer, a team focusing on new product diversification opportunities in the UK, which incurred development costs of £0.8 million
- Other central overheads of £22.9 million include the £6 million Covid relief fund as declared by the Group in the year, as well as costs in relation to the sale of the comparison businesses and continued spend on a number of significant group projects including IMAP and IFRS 17
- Finance charges of £12.1 million primarily represents interest on the £200 million subordinated notes issued in July 2014

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

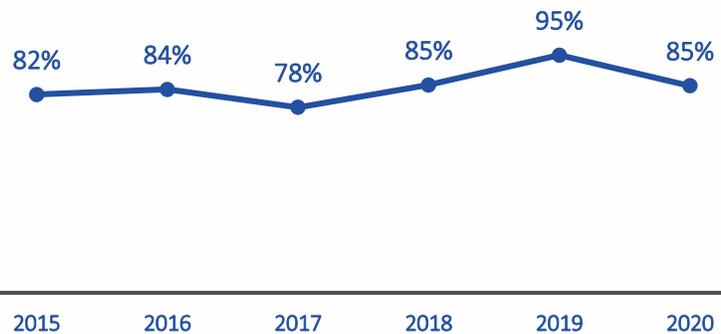
Admiral projected ultimate loss ratio¹



Admiral expense ratio²



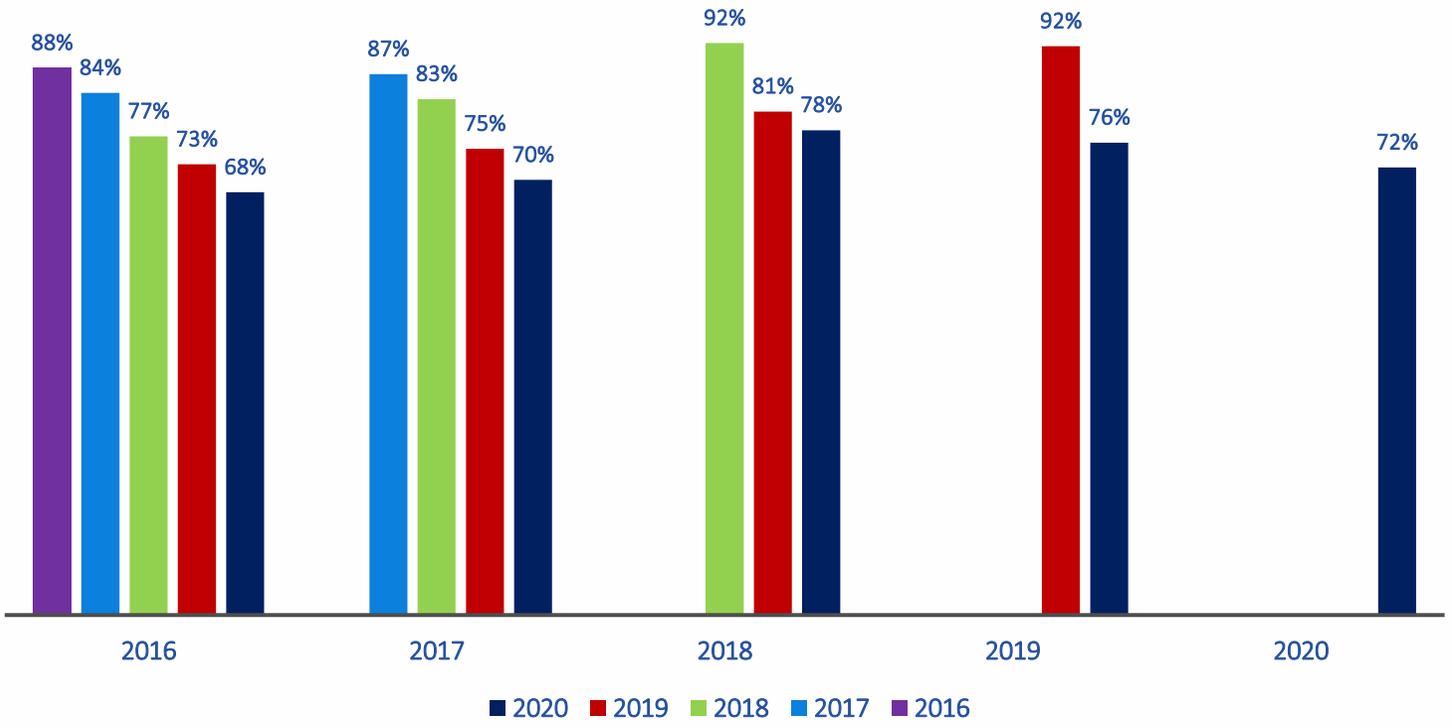
Admiral projected ultimate combined ratio



- 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	70%
2019	73%
2018	72%
2017	65%
2016	64%

UK Car insurance: Booked loss ratio sensitivity

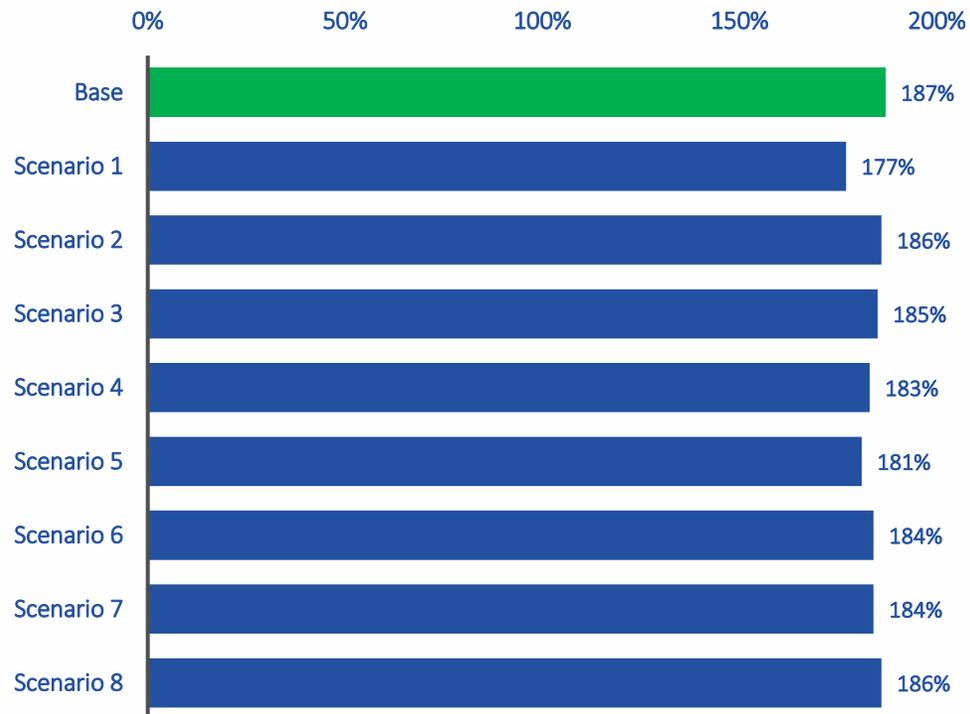
Sensitivity of booked loss ratio (£m)

Underwriting year	2017	2018	2019	2020
Booked loss ratio	70%	78%	76%	72%
PBT impact of +1% move	-14.3	-11.6	-8.8	-3.2
PBT impact of +3% move	-43.5	-31.8	-28.6	-9.4
PBT impact of +5% move	-71.7	-52.2	-39.3	-14.8
PBT impact of -1% move	14.9	13.0	15.8	3.2
PBT impact of -3% move	44.1	42.3	44.2	9.7
PBT impact of -5% move	73.2	72.1	72.5	16.6

- The impact¹ includes the change in net insurance claims along with the associated profit commission movements that result from changes in loss ratios
- The impact is not linear due to the nature of the profit commission arrangements e.g. the impact of a 5% move cannot be calculated by multiplying the 1% impact by five

Solvency Ratio sensitivities

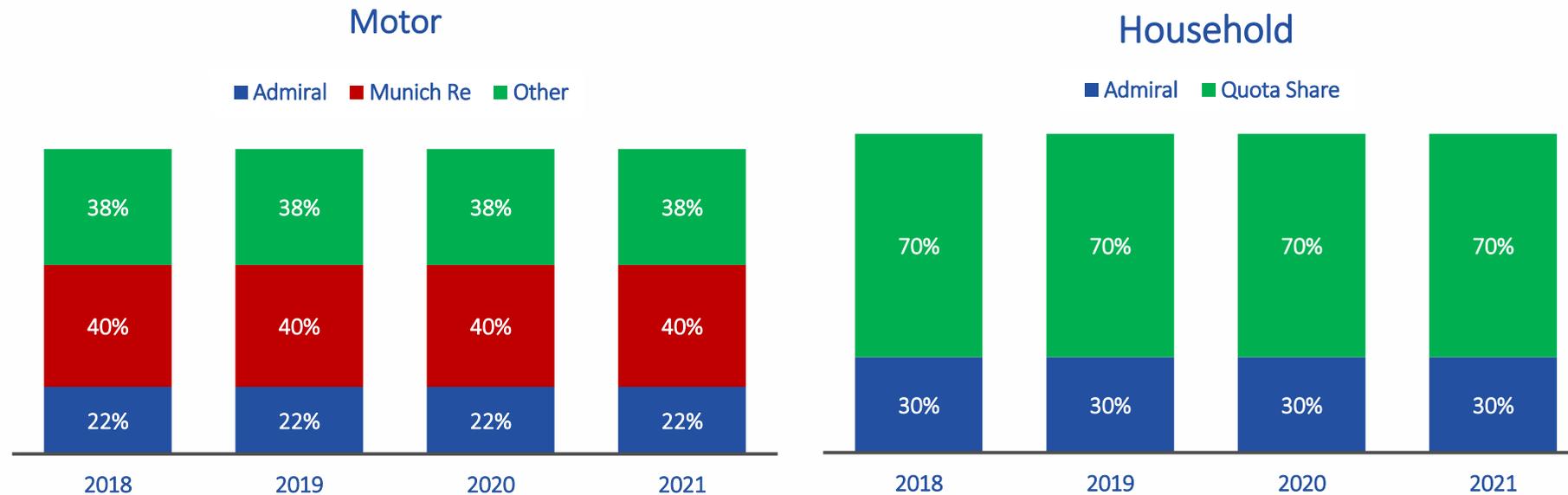
The sensitivities below have been selected to show a range of impacts on the reported base case solvency ratio. They cover the two main material risk types - insurance risk and market risk. Within each risk type the sensitivities performed cover the underlying drivers of the risk profile. The sensitivities 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



- Fully placed reinsurance arrangements until the end of 2021
- Similar contract terms and conditions
- Reduction of underwriting share from 25% to 22% with effect from 2017
- Munich Re continues to underwrite 40% of the UK business until at least the end of 2021

- Similar long-term quota share contracts to UK motor
- Admiral retains 30%

Admiral UK Car co-and re-insurance¹

Type	Munich Re Proportional ² 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

Notes: (1) Admiral Van is on a quota share basis, all 75% with Munich Re. Similar cost to Admiral as the car QS contract, on a funds withheld basis; (2) In 2016, Munich Re had a 40% co-insurance share which decreased to 30% in 2017.

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: 6 May 2021

Record date: 7 May 2021

Payment date: 4 June 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 inceptioning 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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