

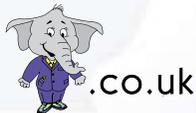
ADMIRAL GROUP plc

2005 Full Year Results

March 2006



ADMIRAL



.co.uk



Confused.com



Admiral Is STILL Different

2005

■ Highly Profitable



■ Fast Growing



■ Low Risk Profits



■ Strongly Cash Generative





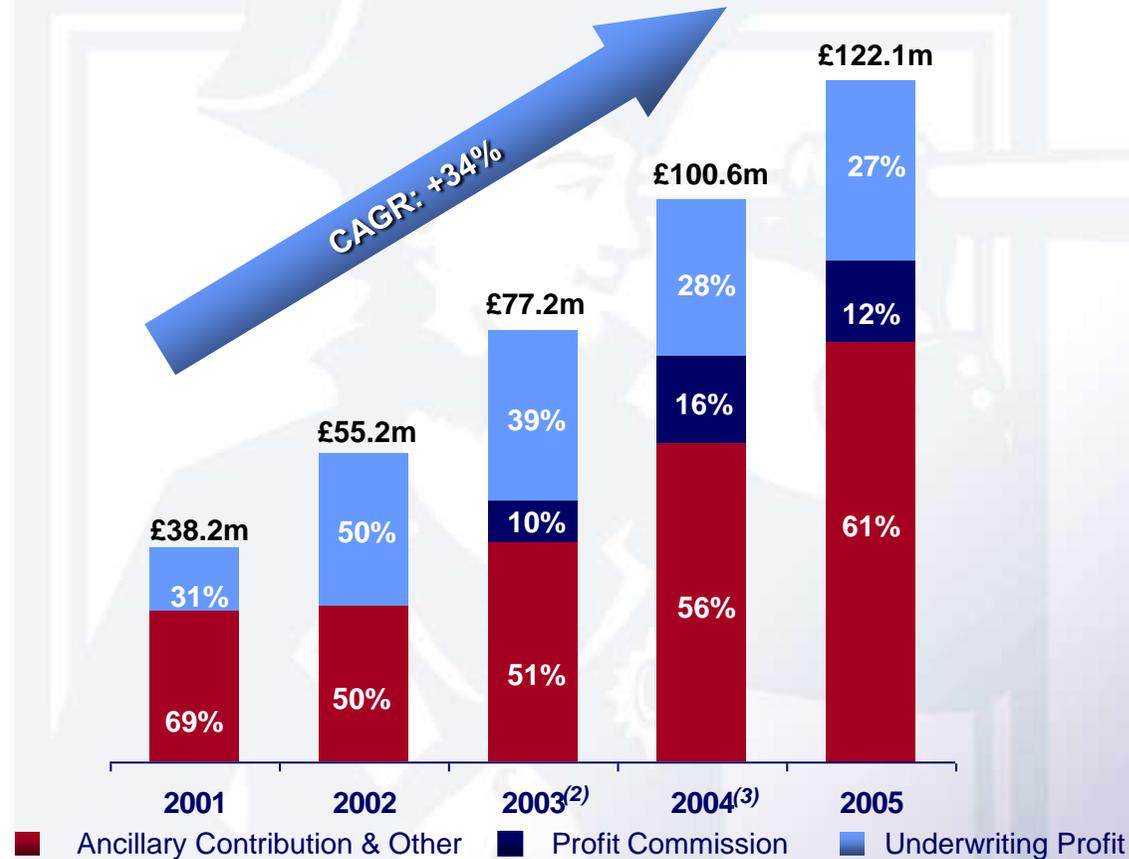
Financial Highlights

- Core profit up 21% at £122.1 million (2004: £100.6 million)
- Aggregate group turnover up 16% at £638.4 million (2004: £548.0 million)
- Adjusted earnings per share 33 pence (2004: 26 pence)
- Final dividend per share of 14.9 pence



Highly Profitable

Core Profit (£m)⁽¹⁾



(1) Core profit is operating profit before share scheme charges

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

(3) 2004 split is shown after deducting £6m of Munich Re profit commission accounted for in 2004 but relating to premiums earned in 2003



Key Advantage over Market



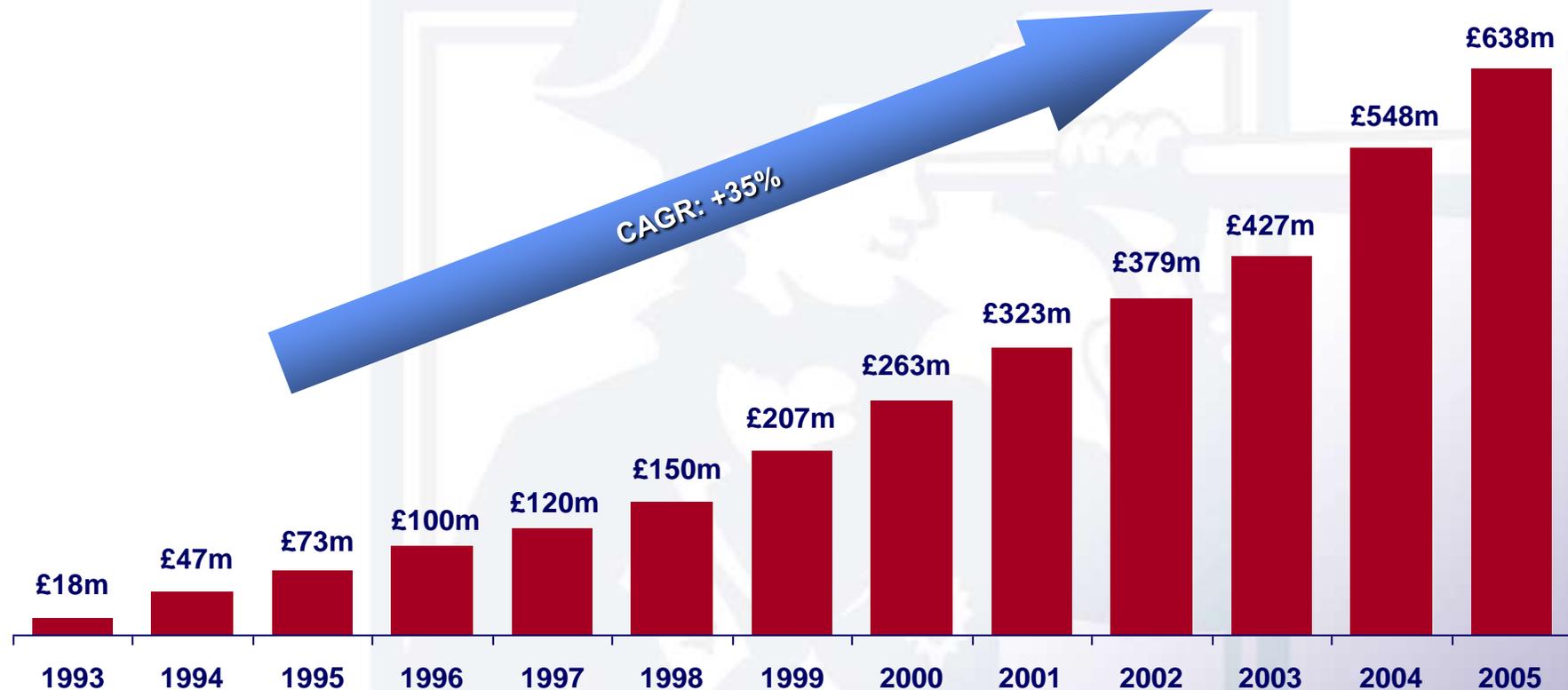
* EMB analysis – Private motor market loss ratio plus overall motor market expense ratio, excludes back year reserve movement

** Actuarial best estimate of ultimate outcome



Fast Growing

Historical Revenue Growth (£m)⁽¹⁾



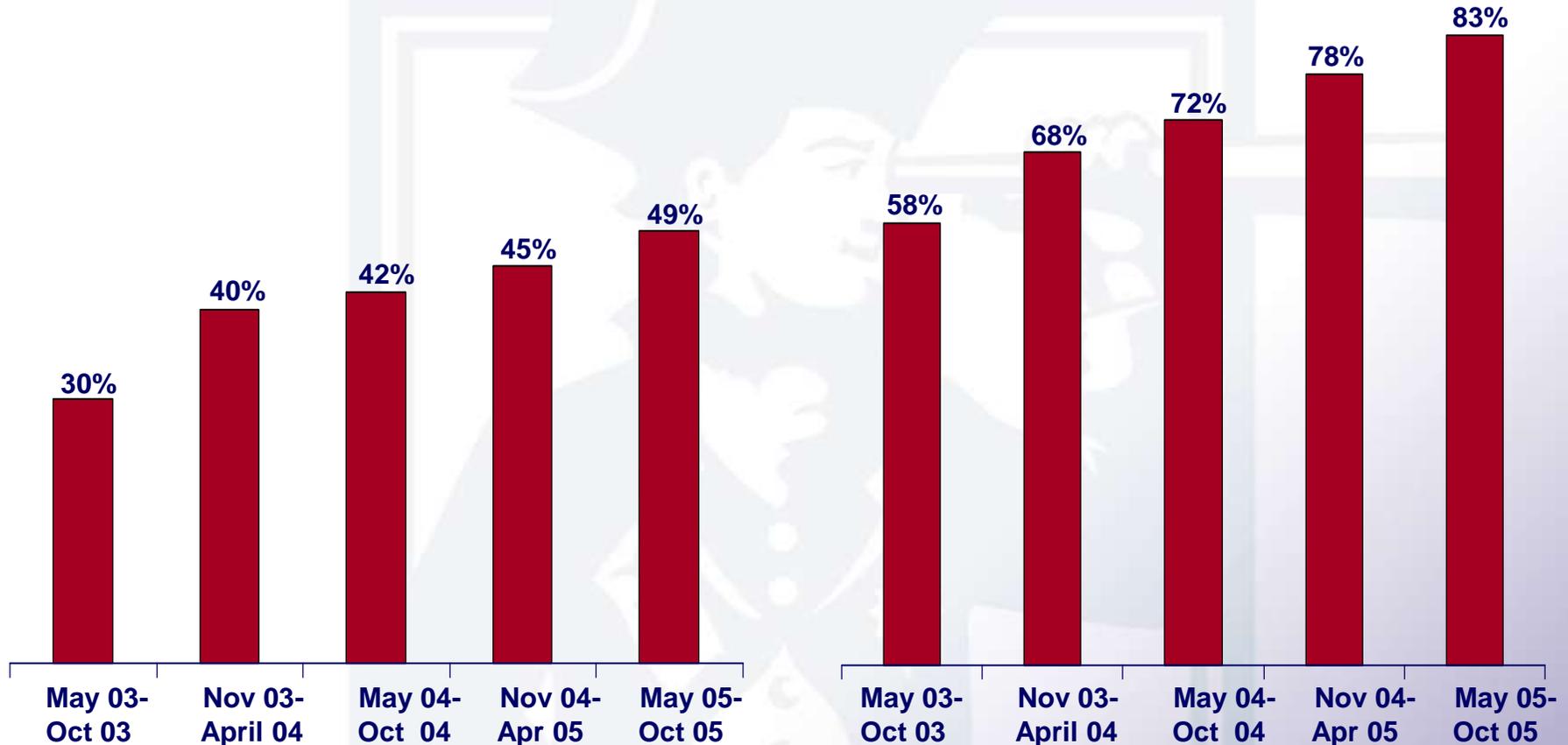
⁽¹⁾ Revenue comprises total premiums written + gross other income + allocated investment income



Fast Growing Channel

Industry Internet Market Share of New Business⁽¹⁾

% of Admiral Group sales started on the Internet

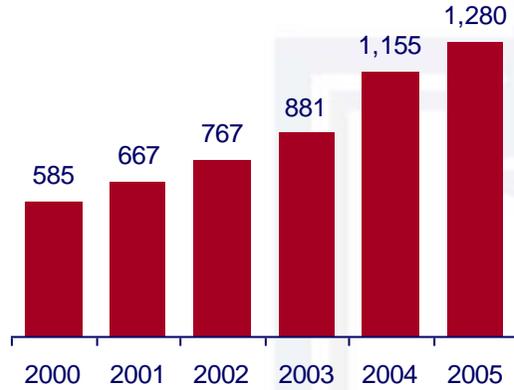


(1) Source: eBenchmarker's estimates of UK online motor market in 2004. eBenchmarkers estimate that survey covers between 80% and 85% of the internet market
Based on policies sold

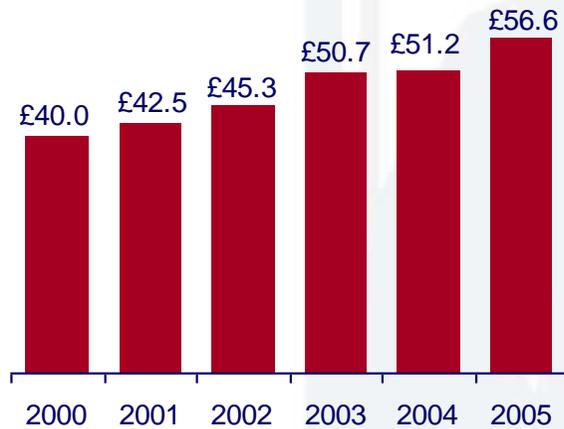


Low Risk Profits - Growing Ancillary Income

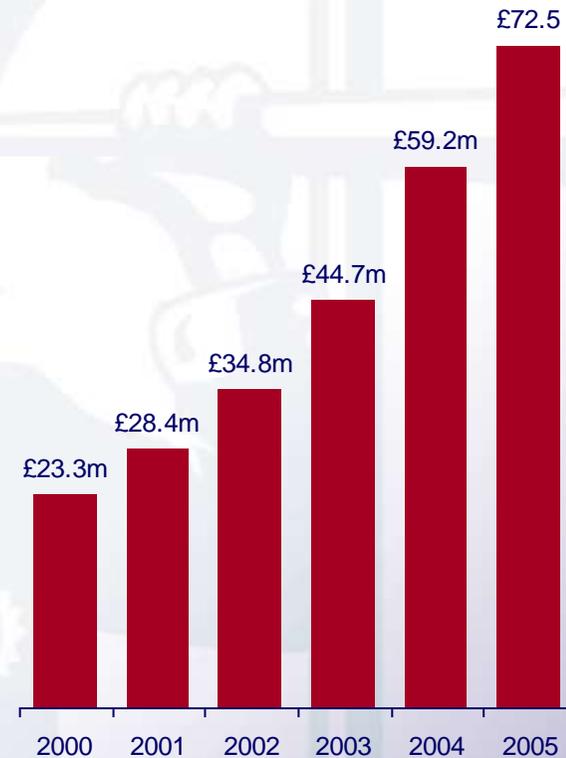
Motor Policies Sold and Renewed (000s)



Ancillary Contribution per Policy Sold⁽¹⁾⁽²⁾



Ancillary Contribution (£m)⁽¹⁾



(1) Before allocation of overhead expenses

(2) Includes new business and renewals, before cancellations



Strongly Cash Generative - Dividend

Regular Dividend

- Normal final dividend amounts to 7.8p per share
- Regular dividend 45% of post tax profits
- Dividend paid twice a year

Special Dividend

- Special final dividend amounts to 7.1p per share

Total final dividend of 14.9p per share

Ex dividend 19 April 2006
Record date 21 April 2006
Payment date 25 May 2006



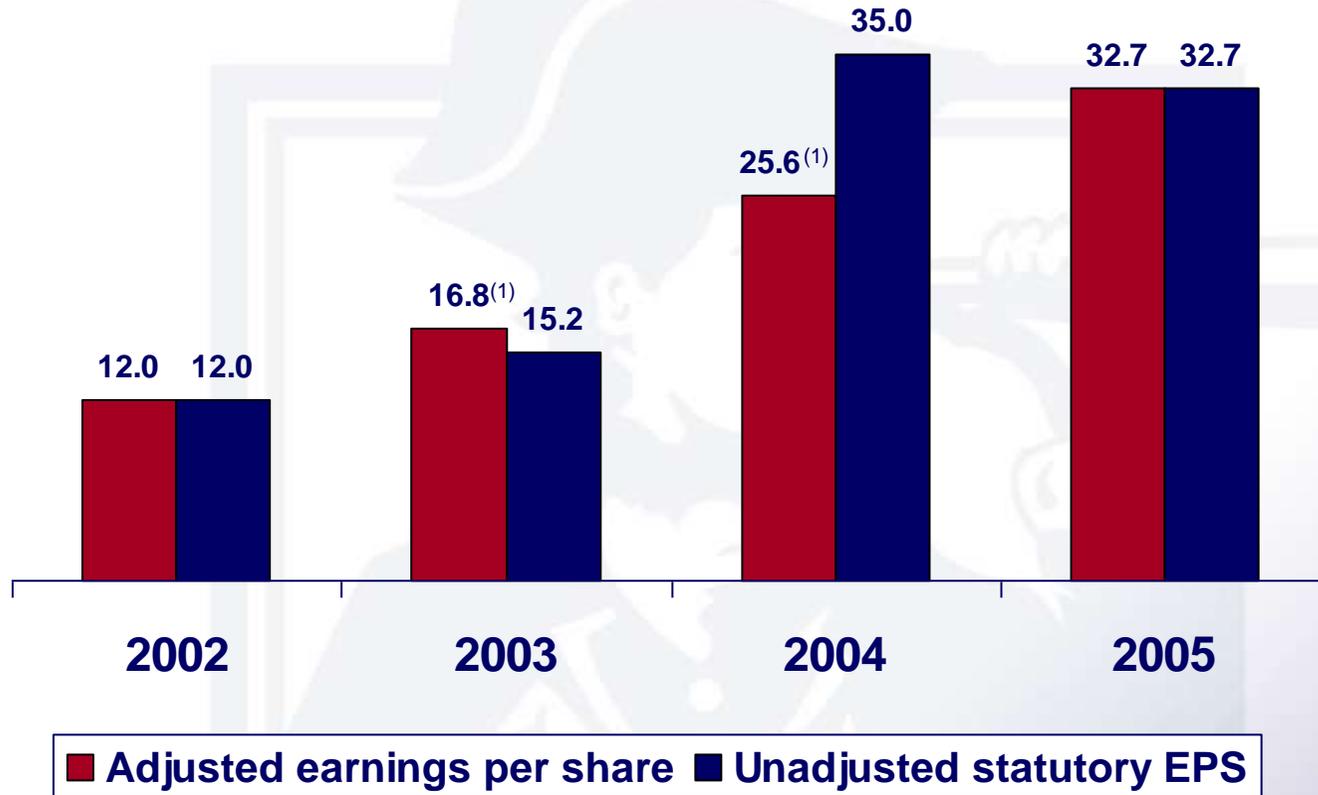
Calculation of Special Dividend

	£m	£m	
Free Cash Balances 31/12/05		69.7	
Less Normal Dividend		20.1	or 7.8p per share
		<u>49.6</u>	
Less Retained			
Normal Working Capital Float	25.0		
Provision for International Expansion	3.0		
Provision for Major Office move Swansea	<u>3.0</u>	<u>31.0</u>	
Cash Available for Special Dividend		<u>18.6</u>	or 7.1p per share
			= <u>14.9p per share</u>

Total dividends declared for the full year were 24.6p



Earnings per share (eps)



(1) The statutory adjusted earnings per share figures for 2003 & 2004 have been adjusted for the £6m profit commission and £4m ESOT credit



Admiral Key Performance Indicators

	KPI	2001	2002	2003	2004	2005
Premiums	Quote volumes	4.1m	4.4m	4.7m	6.2m	9.8m
	Conversion rates	7.9%	7.9%	8.1%	8.9%	5.8%
	Active policy units at end of period	581,957	678,759	777,611	1,007,571	1,104,480
	% of premiums retained by Admiral	35%	20%	25%	25%	30%
Claims	Reported earned loss ratio	76%	65%	52%	67%	70%
	Current best estimate earned loss ratio ⁽¹⁾	55%	51%	54%	66%	72%
Expenses	Acquisition expense ratio ⁽²⁾	6.4%	6.7%	5.4%	5.4%	4.9%
	Non-acquisition expense ratio ⁽²⁾	9.2%	6.5%	8.2%	7.0%	7.4%
	MIB & other levies ratio ⁽²⁾	2.4%	2.2%	2.0%	2.6%	2.8%
	Total operating expense ratio ⁽²⁾	18.0%	15.4%	15.6%	15.0%	15.1%
Other Income	Ancillary contribution per policy sold (£) ⁽³⁾	£42.5	£45.3	£50.7	£51.2	£56.6
	Ancillary margin ⁽⁴⁾	80.2%	78.6%	80.2%	81.9%	81.5%
	Instalment income as % of NWP	3.6%	2.8%	1.4%	2.2%	2.4%
	Profit commission ⁽⁵⁾	-	£0.3m	£7.4m	£15.7m	£14.7m

(1) Management best estimate based on actuarial analysis

(2) Earned expense ratio adjusted for Lloyd's costs and non-recurring expense commission, including claims handling costs

(3) Ancillary contribution = total ancillary income less premium payable to product providers

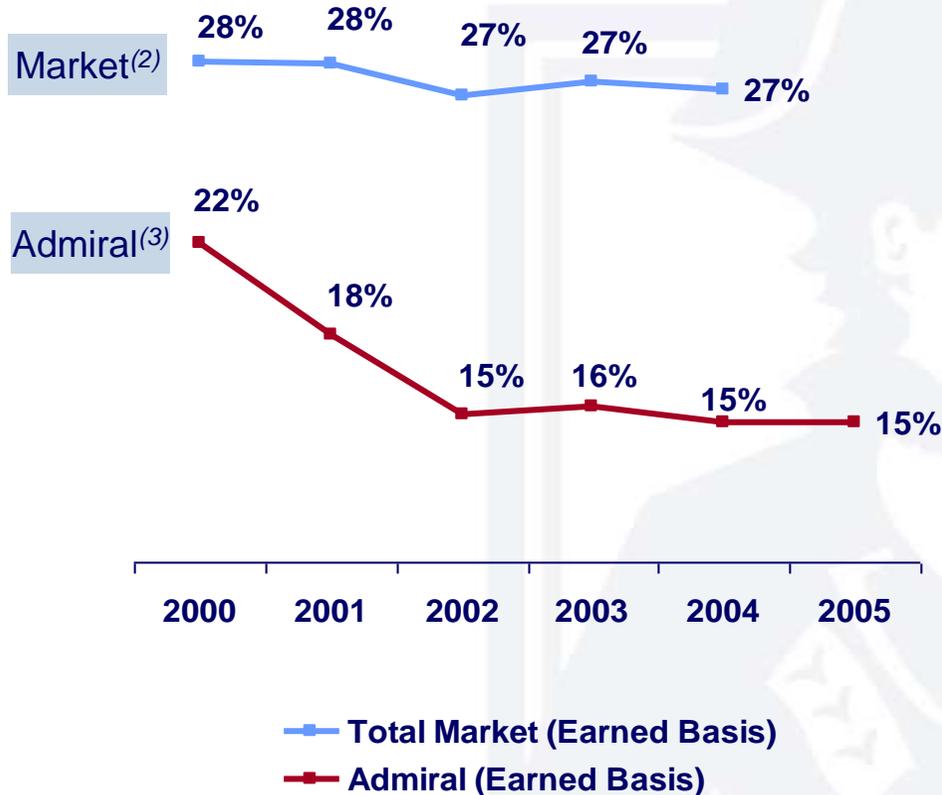
(4) Margin = ancillary contribution less AISL expenses attributable to ancillaries expressed as a % of ancillary contribution

(5) Adjusted for 2003 PC £6m



Highly Profitable

Expense Ratios⁽¹⁾

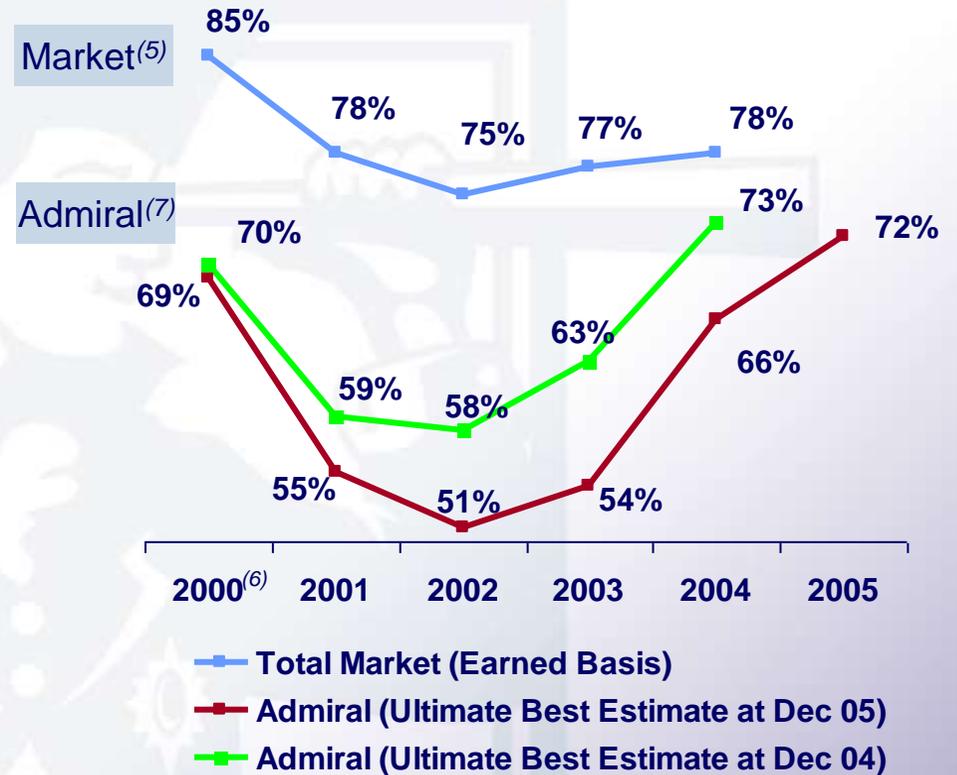


(1) Including claims handling expenses

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

(3) Adjusted to exclude non-recurring expenses such as Lloyd's costs and 2.5% non-recurring expense commission; based on net earned premiums before stop loss costs of £911,000 in 2001 and £607,000 in 2002

Loss Ratios⁽⁴⁾



(4) Excluding claims handling expenses

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

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

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



Combined Ratio Advantage over Market



* EMB analysis – Private motor market loss ratio plus overall motor market expense ratio, excludes back year reserve movement

** Actuarial best estimate of ultimate outcome



Looking Forward



Where is The Market “Currently”

Combined Ratios (% premium) *

Reported

Pure Year



* UK motor market, EMB analysis



Deloitte`s Forecast – Key Drivers

Claims Ratio Drivers

`05 `06

Other Drivers

(% Change)

* Flat Expense Ratios

Premium Inflation

-1.1 -0.4

* Continued High Level
of Reserve Releases

Frequency

-2.4 +1.2

Claims Inflation

+4.5 +4.5

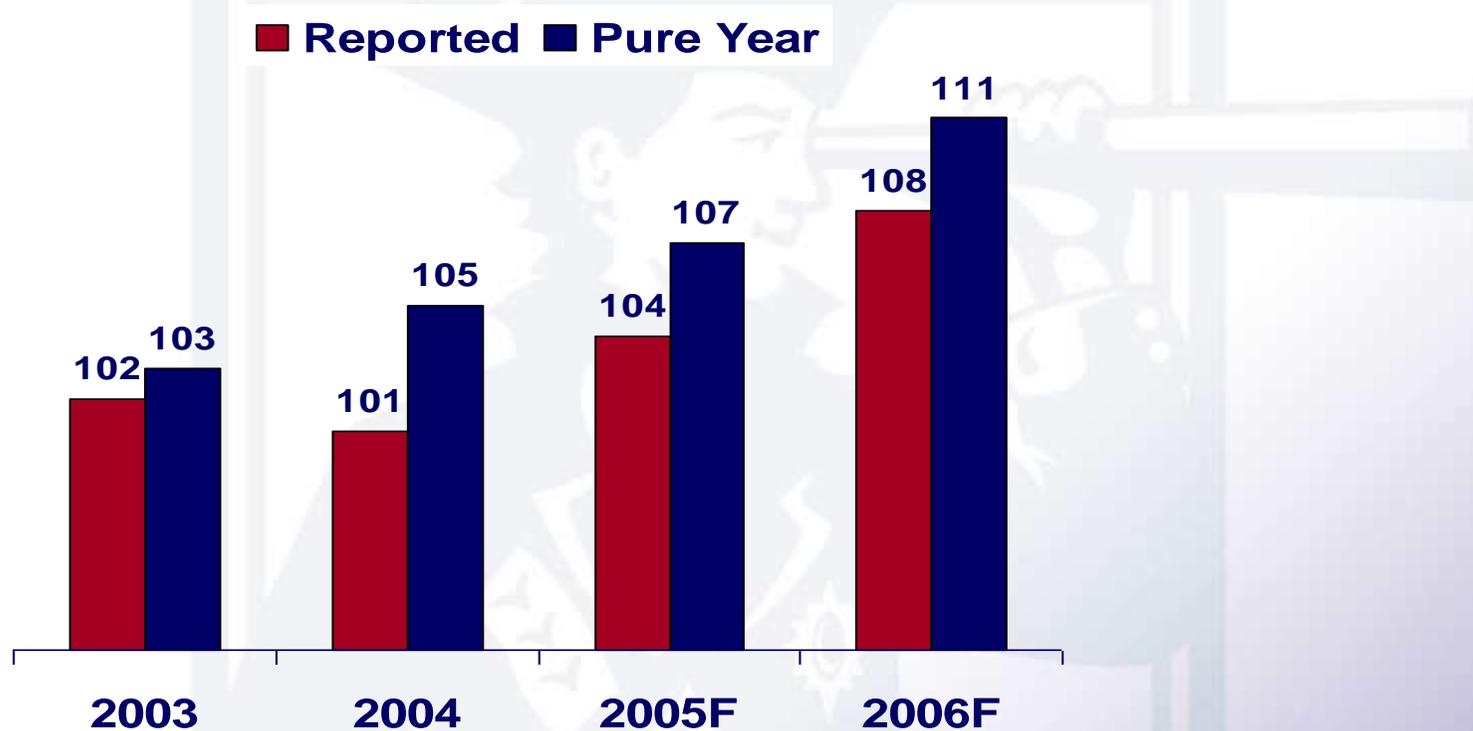
Overall change in Claims Ratio

+2.4 +3.0



Market Currently Loss-Making

Combined Ratios (% premium)



(2003/4 = Actual 2005/6 = Deloitte's Forecast)



What's Happening To Prices ?

Price Tracking – Market Rate Changes

Written Year AA* Deloitte* Average

2003 +2.4 +0.5 +1.5

2004 -2.2 -4.8 -3.5

2005 +1.4 +1.8 +1.6

Tendency to overstate increases

- * Promotional Activity
- * Price Transparency
- * New Entrants
- * Switch to Internet

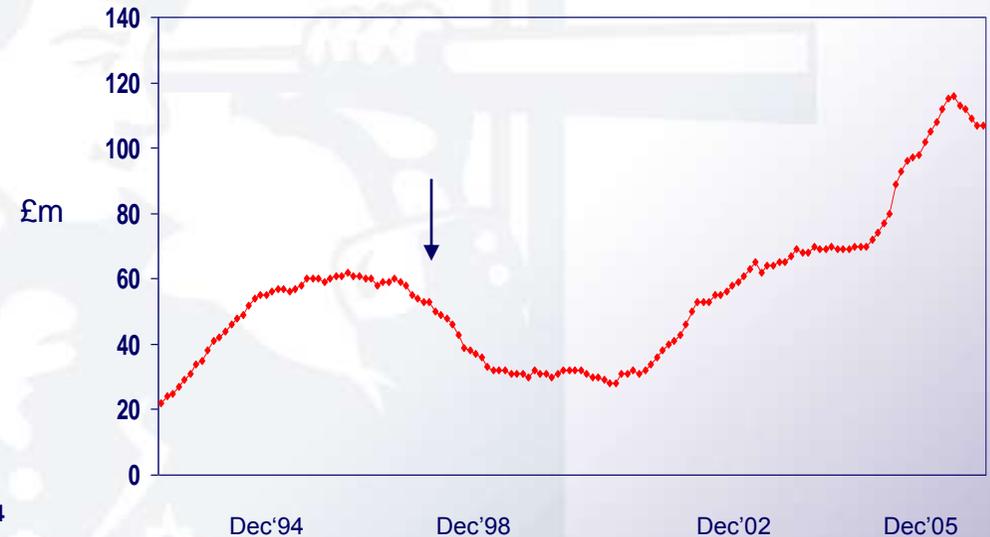
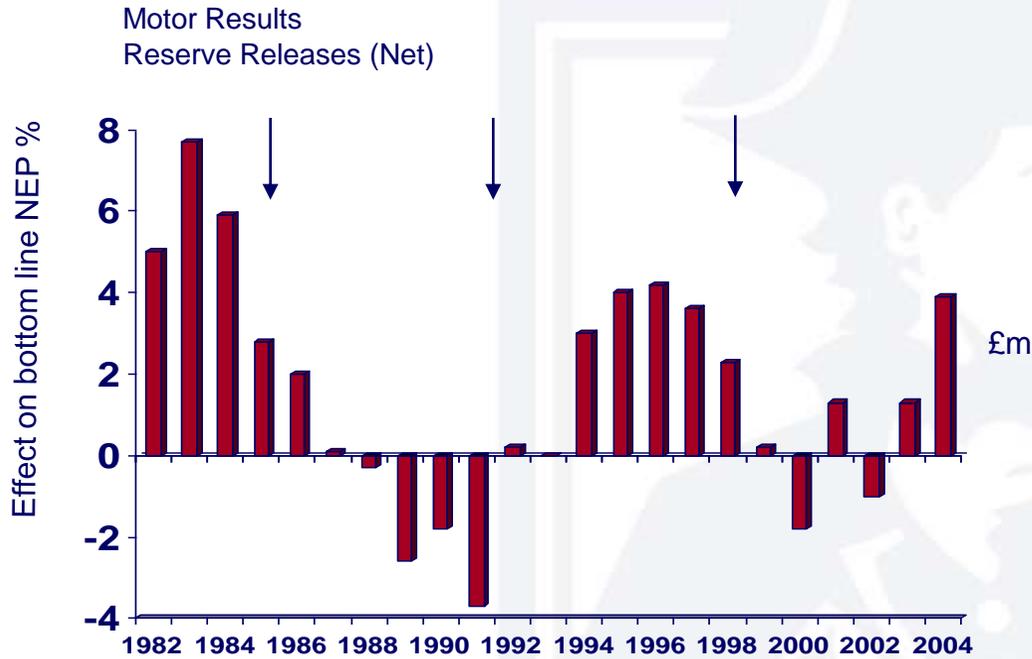
*Weighted Earned equals previous year written & current year written divided by 2.
Equal weight to AA/Deloitte's



When Will Prices Increase Substantially?

Further Releases Likely To Flatter Results

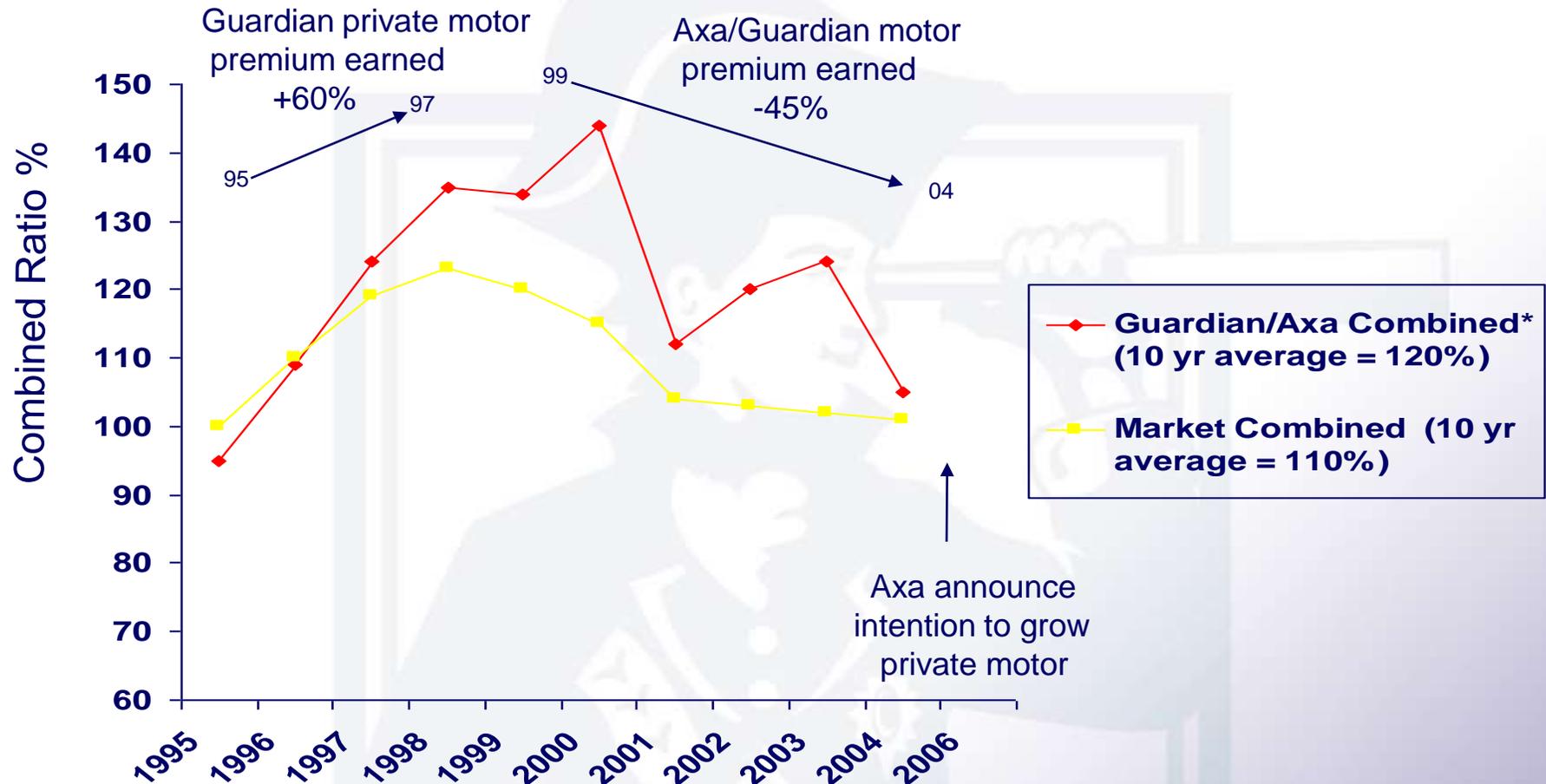
Marketing Spend Signals Forthcoming Turn, But Evidence of Continued Exuberance from Some Players



Source: Deloitte Motor Seminar 2005, Nielsen



Continued Exuberance - Incumbents



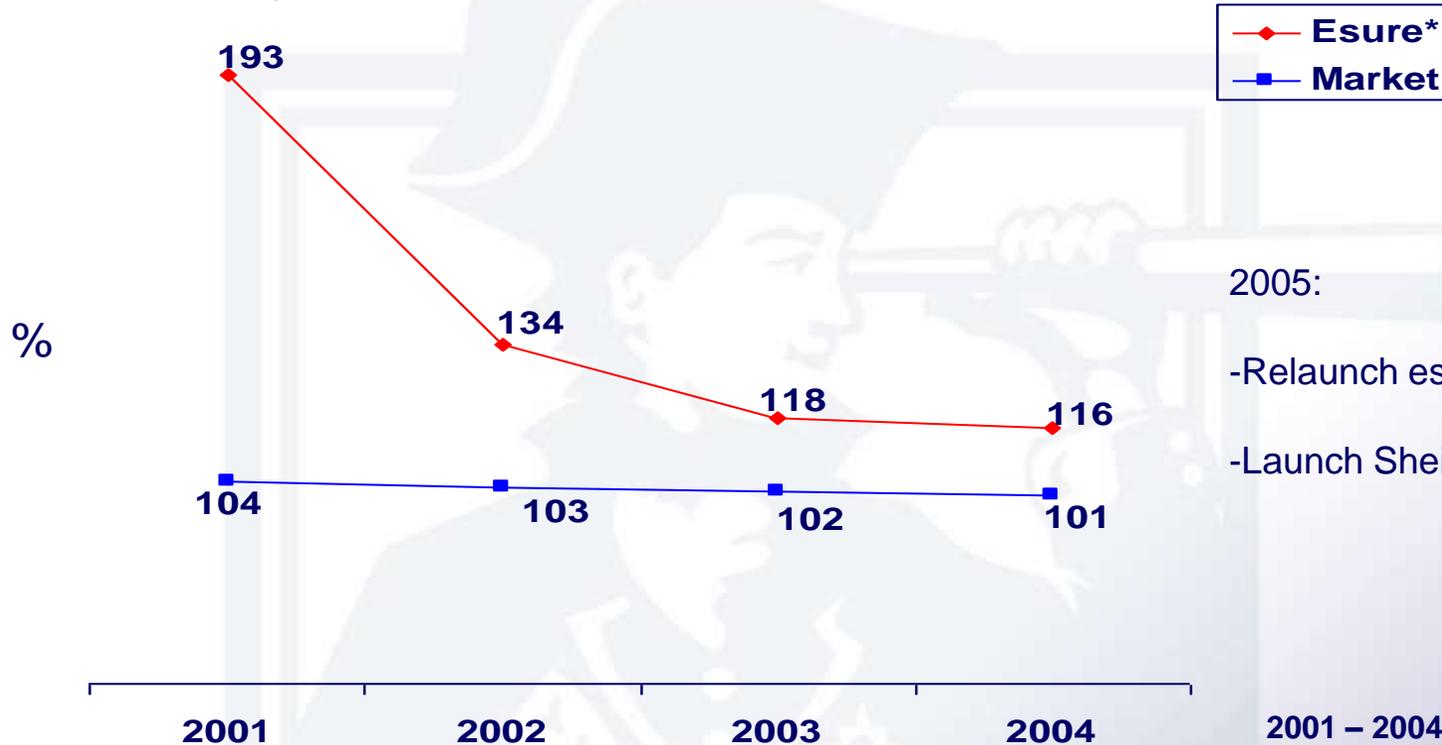
* 95-97, Guardian Private Motor, 98 onwards Axa/Guardian Motor

Sources: Smith New Court; EMB analysis



Continued Exuberance – New Entrants

Esure Results To Date* (Combined Ratio v. Market)



- 2005:
- Relaunch esure.com
 - Launch Sheilas` Wheels

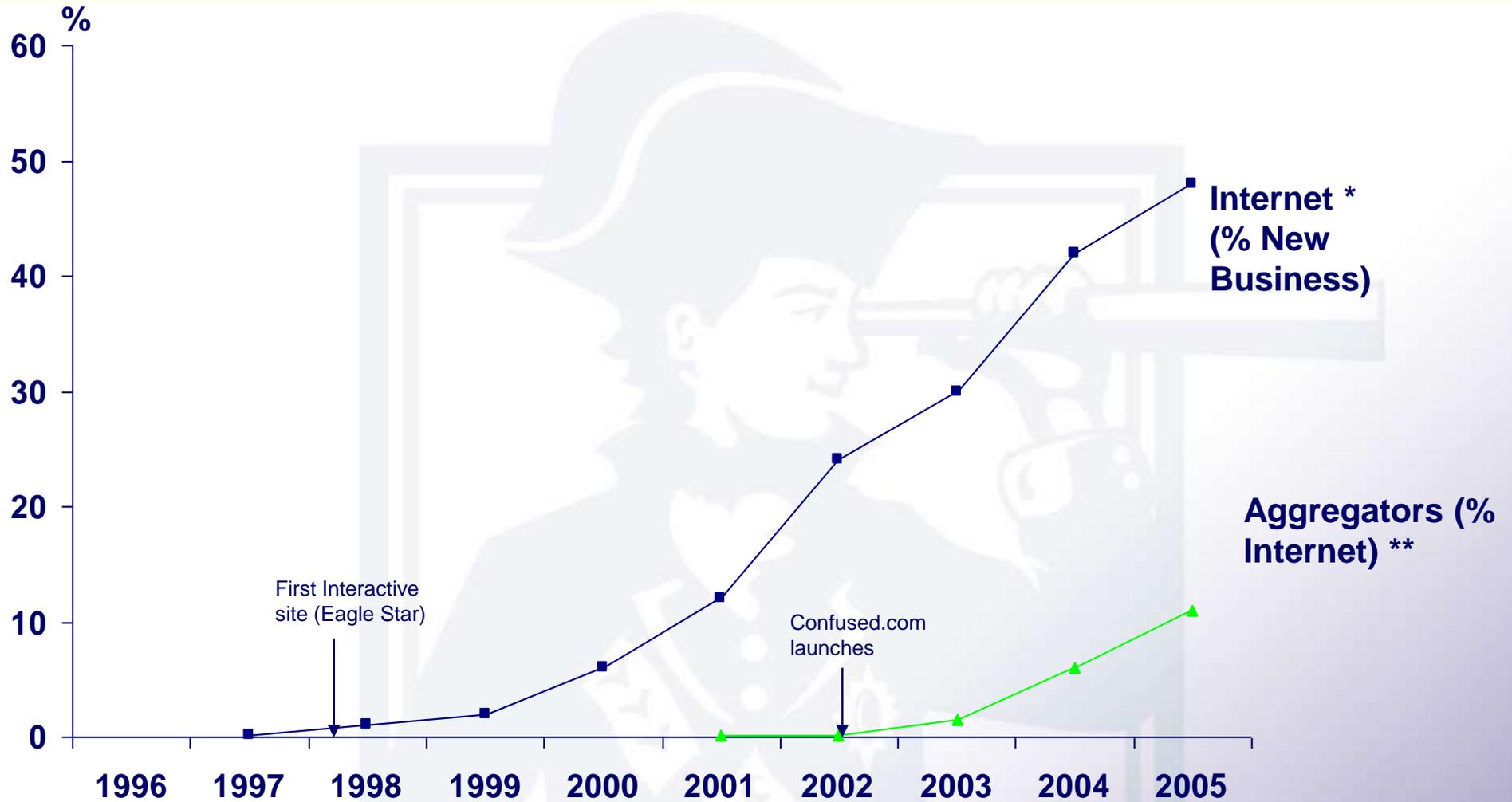
	2001	2002	2003	2004	2001 – 2004 Total
Earned Premium £m	28	88	162	231	509
Underwriting Loss £m	26	30	29	37	122

•Esure & First Alternative

Source: EMB analysis



Distribution Trends



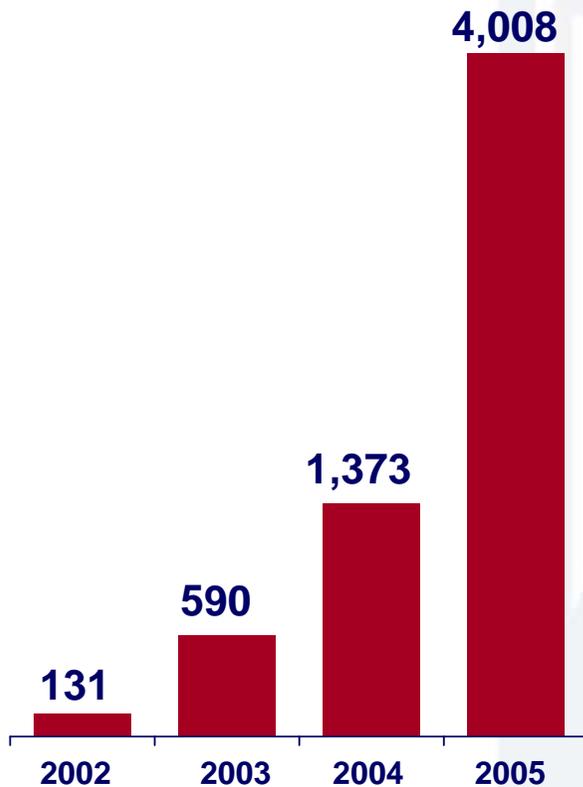
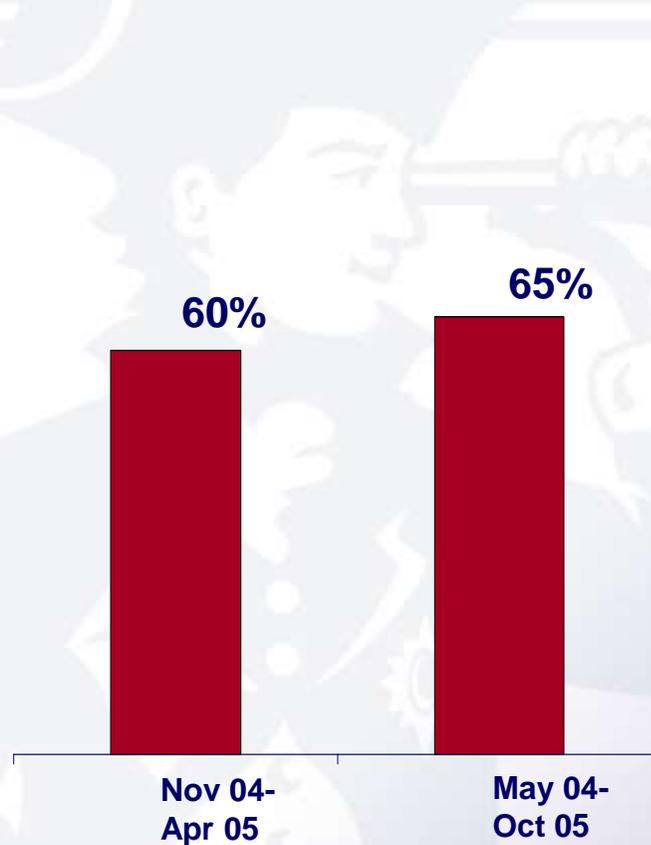
*Source – ebenchmarkers 2002 onwards, management estimates 1998-2001

** Source – ebenchmarkers 2004/5 onwards, management estimates 2002/3



Confused.com – Aggregator Market Leader

Quotes (000)

Share of aggregator sales⁽¹⁾

2005

* Profits £9m

* Household added

Prospects

* Rapid Growth

* Increased Competition

⁽¹⁾ Source: ebenchmarkers



Innovative Approach to Market Challenges

- Higher premium target
- Quick quote
- 10 month policies
- Multi-brand
- elephant.co.uk
- Confused.com
- MultiCar





Strategy





Admiral goes international

The obvious targets:

	GWP	No of vehicles
France	£12bn	31m
Germany	£15bn	45m
Italy	£14bn	34m
Spain	£8bn	20m
USA	£110bn	236m
UK	£13bn	32m



Admiral goes international

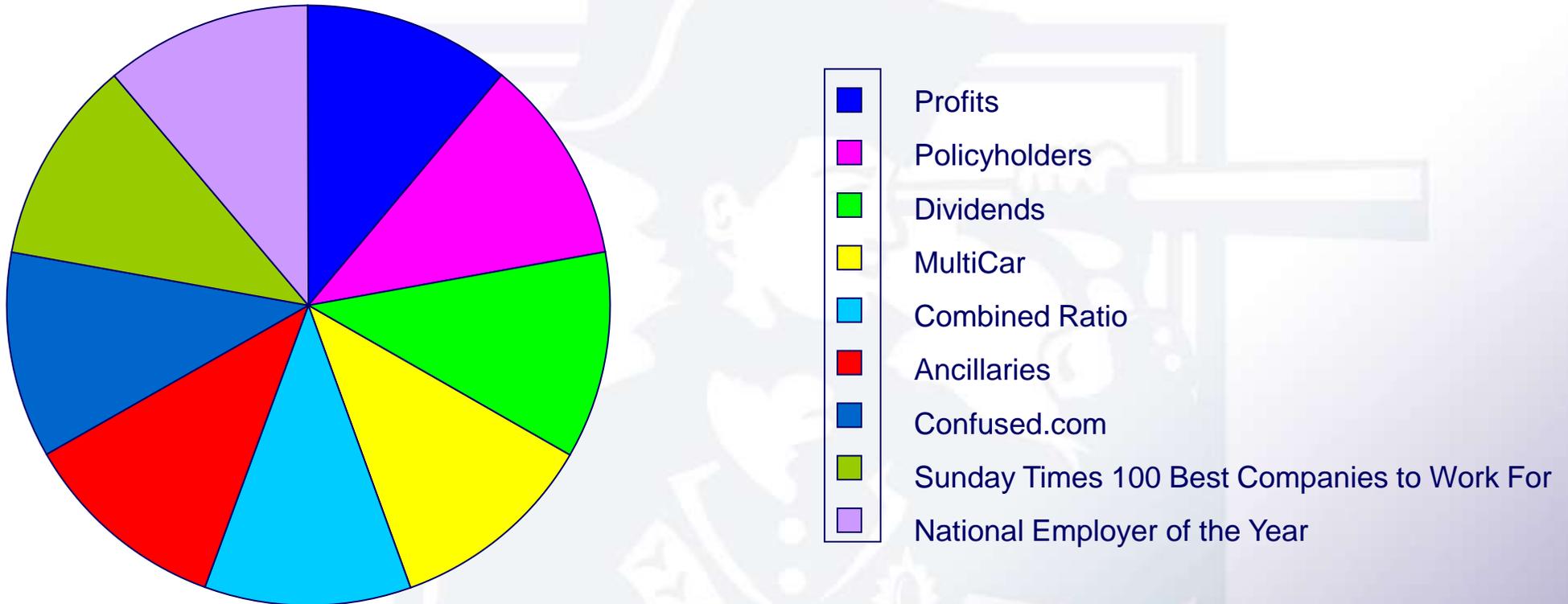


- Good size
- Vehicle count growing
- Success of Linea Directa
- Growth of Internet



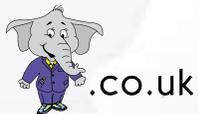
Summary

Wow! 2005 - Great Year!



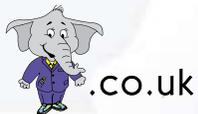
Great momentum going forward for 2006

Supplementary Information





Financials





Summary Income Statement Sheet

	2004	2005
	£m	£m
Revenue ⁽¹⁾	548.0	638.4
Total premiums written	470.4	533.6
Gross premiums written	165.3	187.0
Net premiums written	116.7	158.9
Net earned premium	107.5	139.5
Investment income	8.5	11.3
Net insurance claims	(74.3)	(100.5)
Insurance related expenses	(13.8)	(17.9)
Underwriting profit	27.9	32.4
Profit commission	21.7	14.7
Gross ancillary revenue	59.2	72.5
Ancillary costs	(10.7)	(13.4)
Instalment income	2.6	3.8
Gladiator contribution	1.8	1.9
Inspop.com contribution	1.3	6.9
Other charges	(0.5)	(0.8)
Interest income	23.3	4.2
Core profit	106.6	122.1
Share scheme charges	4.1	(0.4)
Bonuses in lieu of dividends	3.3	0.0
Interest payable	(2.5)	(2.2)
Profit before tax	104.9	119.5
Adjusted core profit⁽²⁾	100.6	122.1

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

(2) 2004 comparatives reduced by £6.0m for profit commission. Refer to 2004 Annual Report



Summary Balance Sheet

	2004 £m	2005 £m
ASSETS		
Property, plant and equipment	3.4	4.6
Intangible assets	66.5	66.5
Financial assets	300.7	378.7
Reinsurance contracts	66.1	54.2
Trade and other receivables	16.7	9.4
Cash and cash equivalents	119.2	150.2
Total assets	572.6	663.6
EQUITY		
Share capital	0.3	0.3
Retained earnings	131.2	168.0
Other reserves	13.1	13.1
Total equity	144.6	181.4
LIABILITIES		
Insurance contracts	216.1	254.1
Financial liabilities	33.1	22.0
Trade and other payables	164.3	182.9
Deferred income tax	4.8	3.6
Corporation tax liabilities	9.7	19.6
Total liabilities	428.0	482.2
Total liabilities and equity	572.6	663.6



Reduced Risk

Current Share of Gross Written Premiums

	2006
Admiral Group	25%
Munich Re	65%
Swiss Re	5%
Axis Re Europe	5%

Munich Re Coinsurance Agreement

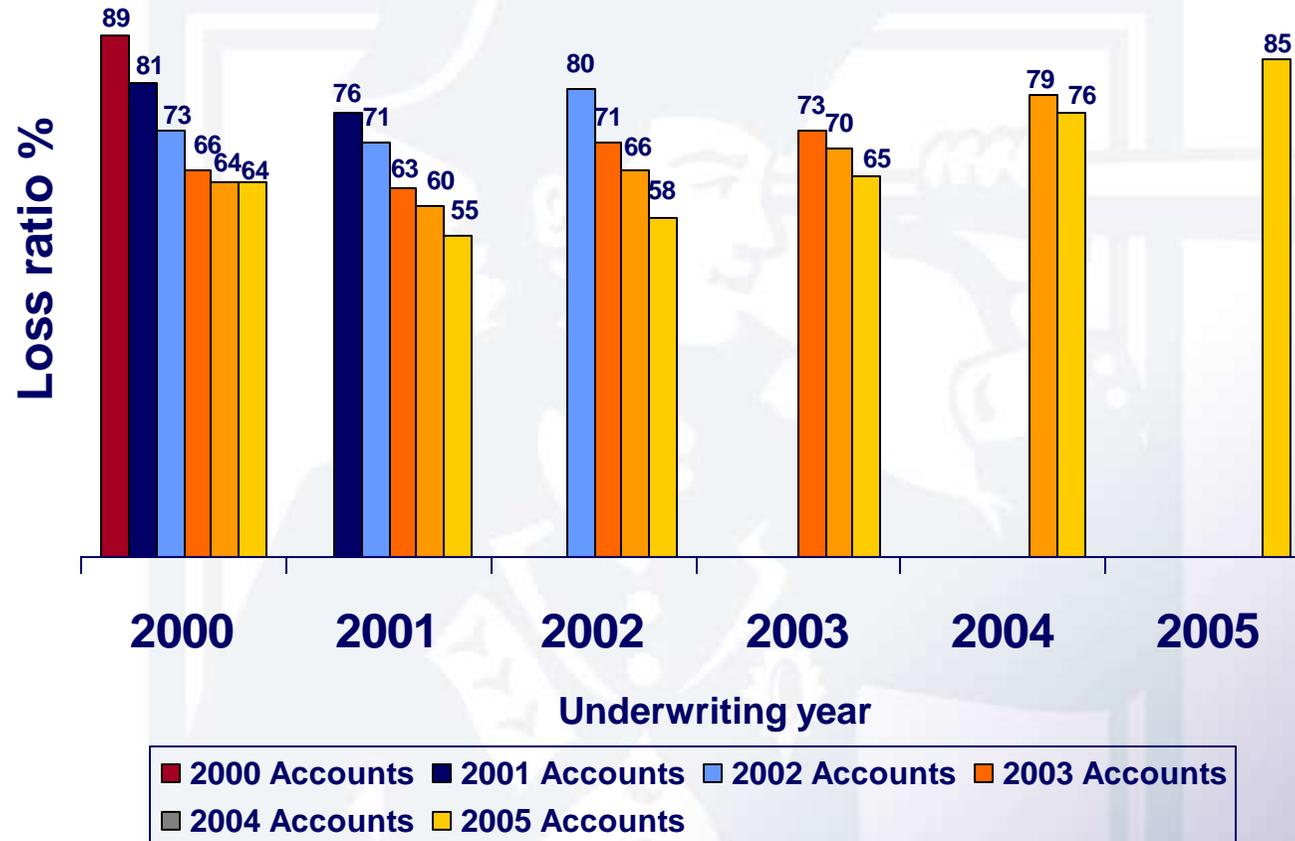
- Munich Re committed until 2008/9
- Admiral receives a proportion of Munich Re's "profit" depending on ultimate adjusted combined ratio of business coinsured over the length of the contract
- Munich Re's "profit" = (102% - adjusted combined ratio) x Munich Re share of premiums

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

- Growth over 11% requires Munich Re's permission



Loss Ratio Development by Underwriting Year





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