FINAL

Bloomberg Transcript

# Q4 2014 Earnings Call

## Company Participants

- David Graham Stevens, Chief Operating Officer & Executive Director
- Elena Betes, Managing Director
- Geraint Jones, Chief Financial Officer and Executive Director
- Henry Allan Engelhardt, Chief Executive Officer & Executive Director
- Milena Mondini, Chief Executive Officer
- Stuart Morgan, Head of Service

## Other Participants

- Alan G. Devlin, Analyst
- Andrew J. Crean, Analyst
- Greig N. Paterson, Analyst
- James A. Shuck, Analyst
- Marcus P. Rivaldi, Analyst
- Nick H. Johnson, Analyst
- Ravi Tanna, Analyst
- Sami Taipalus, Analyst

## MANAGEMENT DISCUSSION SECTION

### Henry Allan Engelhardt {BIO 3022947 <GO>}

Good morning, everybody. Welcome. I'm Henry Engelhardt, Chief Executive of Admiral Group. Welcome to Admiral Group's 2014 Annual Results Announcement. Hi, Loiuse, we know you're listening. We have quite a lot to discuss in our 2014 results this morning. Let me start by explaining why I've called this the year of the Baked Alaska. It's because it's a – with a bit of hot and with a bit of cold at the same time. Some of our results are really hot. Some are a bit cold, all to be discussed.

Let me also review the group's strategy to remind you of our objectives. Our strategy is to invest in businesses outside UK car insurance, while continuing the profitable growth trajectory of the core business. We are focused on providing long term value for investors and that means making calculated investments today for future benefits. We also believe that after we ensure our businesses, our property capitalized, we distribute excess cash to shareholders.

Geraint Jones, the gentleman standing to my left and our CFO – sorry, standing to my right – reverse, the other way – will give more details on this very shortly. After Geraint and

FINAL

Bloomberg Transcript

I talk about the headlines, Stuart Morgan, our UK operations manager; and David Stevens, our COO and Head of our UK Insurance business will take an in-depth look at the trends in the UK market and our results within.

They will be followed by Milena Mondini, the CEO of ConTe, our Italian insurance business; and Elena Betes, the CEO of Rastreator, our Spanish price comparison business and together, they will put some meat on the bones for all our non-UK investments.

So, here are the headlines. Group profit before tax was down 4% from 2013. This is the first time this century we had a reduced profit year-on-year, but to put this into perspective, this was the second biggest profit in our history. The return on equity was still very high, an enviable 52%. Turnover, largely influenced by cyclicality in the UK market, was down 3% to just under £2 billion. Geraint.

## Geraint Jones {BIO 19738535 <GO>}

My turn? Good morning, everyone. Moving down the list, despite the 3% reduction in turnover, the group did break through the 4 million customer mark during 2014, a year-on-year increase of around 350,000 customers or about 10%.

Three quarters of that growth came from the UK motor and household operations with the remainder from outside the UK. Earnings per share is around 2%, a slightly smaller reduction than in pre-tax profit, mainly down to the lower UK tax rate.

And the dividend, we're proposing a final dividend of £0.49 per share, which brings the total dividend for 2014 to £0.984, 1% down than 2013. Payout ratio for the full year is 95%, which is the same as 2013 and in pounds millions terms, the 2014 full payout is in line with 2013. More about the dividend later.

## Henry Allan Engelhardt {BIO 3022947 <GO>}

Well, it was a hot and cold year. Geraint, I suggest that we split this slide and I'll take half. Customer numbers were up quite a lot, and we now have more than 4 million policyholders. ConTe made a modest profit in its sixth full year of operations. Milena will probably talk more about this in a minute, but please note that this profit was due to back year claims releases. However, ConTe's combined ratio is actually very close to our written profit.

We made record profits in Rastreator and LeLynx, our price comparison businesses in Spain and France, respectively. We believe that the Internet is an irresistible force that the 23-year-olds in Austin, Salamanca, Bologna and Toulouse are using the Internet for virtually everything they're doing, and eventually, they're going to use it to buy their car insurance.

Saying that, the operative word there is eventually. And we're trying to accelerate this change in distribution through the creation of price comparison businesses. The proposition price comparison makes to consumers is compelling. You spend a few

FINAL

minutes and you get multiple quotes, many quotes as opposed to spending those few minutes in getting a single quote. And everywhere we've gone, this proposition to consumers has caught fancy and taken off.

And Elena will talk more about these businesses because they are businesses in their own right, not just generators of quotes for our insurance businesses. She will talk more about this in just a few minutes.

## Geraint Jones {BIO 19738535 <GO>}

Okay. So the cold or the less sought. What was less sought in 2014? Well, the reduction in earnings on the previous slide for one, but a couple of other points. Firstly, the UK market. Naturally, despite the good progress being made elsewhere in the group that we'll hear about today, our core business will continue to dominate the results in the short to medium-term. Because of our size and the prospect of less rampant growth and price comparison as a source of business, we're less able to grow materially across the cycle than historically. Consequently, our UK result is likely to be more cyclically influenced than it was before. Hopefully that's not new news, and David and Stuart will talk in some detail about the UK market shortly.

Staying in the UK, also hopefully not especially surprising, Confused.com continues to fight the tough battle in the UK comparison market. And although there was very limited growth in car insurance comparison volumes in 2014, you'll know that the tussle for customers remains a fierce one. And as you'll hear about later, for a number of reasons, Confused results in 2014 was around £6 million lower than the previous year.

And finally, compare.com, which the more eagle-eyed amongst you might have spotted as being subtly renamed from comparenow.com. More about that later. It's arguably cold in the sense that our share of 2014's result was a loss of £15 million, which of course is the key reason 2014's group profit was lower than 2013. But the loss is not unexpected. And of course investing in marketing to attract the customers to the website is a fundamental part of growing a comparison operation. Importantly, it shows that we are prepared to invest in the future of the group, even if it means impacting the current year reported profits. Henry.

Bloomberg Transcript

## Henry Allan Engelhardt {BIO 3022947 <GO>}

They say that the first 22 years are actually the hardest. Although turnover declined for the second consecutive year due to the cyclicality of the UK market, a trend line would still show a remarkable growth story. So let's look at the trend line.

## Geraint Jones {BIO 19738535 <GO>}

There you go.

## Henry Allan Engelhardt {BIO 3022947 <GO>}

FINAL

This slide says what it does on the tin. A few years ago, turnover outside the UK was 5% of the total. Now, it's 12%. We are, as you can see, gently reducing our reliance on the core business over time.

This slide shows an exciting story of progress in the pioneering of distribution change that I referred to earlier outside UK. Not only is turnover up 25% of the total but quotes from outside the UK are knocking on the door of 40% of the total. And this is only in the first year of operation for our U.S. PC business, compare.com. Geraint.

## Geraint Jones {BIO 19738535 <GO>}

Okay. Let's take a look at profits. This slide shows where the profit came from, the contributions to or deductions from the figure made by each of our business segments. The dark blue, as usual, the UK Car Insurance results. It was 111% of the total, again, clearly the dominant component. That result was just under £400 million, which was slightly up on 2013. And it was, as at the half year, boosted by material reserve releases on the back of some very positive back-year claims experience. More on that shortly.

The light blue portion at the top, that's the total result from our price comparison operations. It was lower this year at 1% of the total from 6% last year, and that reflects the investment we made in compare.com during 2014 that we've already mentioned but also the tougher year for Confused in the UK where profit was down to £16 million.

Below the line in the green, that's the loss from international insurance, the highlight view as we've mentioned was the first small. It's still very pleasing profit reported by ConTe in Italy. And the overall loss improved from £22 million to £20 million. Finally, the yellow, that's everything else, of which the most material part is the charge for the group's share schemes, which hopefully everyone's familiar with. It also includes the net financing cost of the £200 million bond that we issued last year and that was about £2 million in the second half.

Next up, a few slides on the UK results. Firstly, look at the top line in customer numbers. On the left here, you see the movement in turnover and total premiums and, on the right, the number of insured vehicles. There's nothing particularly new to report here compared to half year. The decrease in turnover is a result of falling total premiums and that in turn is a feature of lower average premiums caused by rate cuts, mainly throughout 2013, and also a further shift towards renewals from new business.

You will note that the rate of reduction is lower than it was at the half year, and that's mainly down to rate increases implemented from Q2 through Q4 of 2014. On the right, you see vehicle count up 4% in 2014 to about 3.2 million vehicles on the back of strong retention.

Next up, key UK motor ratios. Expense is first. As you can see the expense ratio, which we show here on a written basis, increased from 15% to 16% as average premiums fell. It compares well, I would say, to the market figure for 2013, and we expect it to continue to

Bloomberg Transcript

FINAL

Bloomberg Transcript

do so when the market figure for 2014 is available. The reported loss ratio for Admiral is around 69%, which is broadly stable.

As at the half year, the key points, a higher reserve release offsetting the higher current year ratio. Add the two together, you get to a combined at 85% for Admiral, slightly up on 2013 due to that higher expense ratio, and again, a favorable comparison for the most recent market data we have. This is the market reported combined ratio for 2013. And, finally, on this slide, other revenue, on a per vehicle basis, you can see we're stable at £67. Nothing to report there.

Okay, reserve releases. Let's take a look at those in a bit more detail. The bars here show the level of releases as a percentage of earned premium for the past five financial years in the right and some five or six-year averages on the left. 2014, you see at the highest level for some years at 18%. That's higher than we'd normally expect to see in a year as a result of some very positive developments on a number of our back years, which we'll see in more detail on a later slide.

An important point to note here is that there was no reduction in the level of conservatism in our booked reserves. And as a result of that consistently cautious approach to reserving, as claims developers, we expect and you should expect to see continuing material contributions to the results from reserve releases.

Back over to Henry now to talk more about things outside the UK.

## Henry Allan Engelhardt {BIO 3022947 <GO>}

Thank you, Geraint. As you can see, we have some growth, but not rampant growth in our non-UK car insurance businesses. We are very sensitive to making sure we grow efficiently and not just for growth's sake. In 2014, we had good growth in the U.S. and Spain, but just a little bit of growth in Italy and France. Milena will go into more detail specific to each business.

We are growing but the combined ratio is improving, in particular, we are producing good and more stable loss ratios now that the business has had some maturity. There is no magic about two years in a row where the loss number is almost the same. We invest prudently in all our businesses, but we believe that larger investments will lead to even better future results then you might see us invest more aggressively. However, we can also be very patient and reduce investment if it appears that the investment would be inefficient.

In price comparison, not only have we quadrupled the number of quotes from Rastreator and LeLynx in a few short years but we have turned a loss of nearly £3 million into a profit of nearly £3 million. Elena will talk more about the success of these two very exciting businesses.

And now, I'd like to turn it over to Stuart and David.

FINAL

Bloomberg Transcript

## Geraint Jones {BIO 19738535 <GO>}

Not yours?

## Henry Allan Engelhardt {BIO 3022947 <GO>}

No. To Geraint.

## Geraint Jones {BIO 19738535 <GO>}

Thank you, Henry. Two final slides for me, one on capital and one on dividends. Nothing important. First off, capital. Now as the headline here suggests, our capital position is strong as we transition between solvency regimes. The chart on the top shows our usual measures at year-end the amount of capital on the left on an accounting basis along with the total regulatory requirement and the Solvency I or Insurance Group's Directive measures at that point. That should hopefully go without saying that the IGD coverage is very substantial and was of course further enhanced by our bond issue in 2014.

In 2015, the group's capital requirement will be set by the PRA under the ICAS regime. And consistent with the position at half year, we currently hold a surplus above that requirement, which is on an economic rather than on an accounting basis of around £300 million after deducting the final dividend.

And again, consistent with our message at half year, we believe it's appropriate to maintain a strong capital position as we move into Solvency II. As the slide says, we don't yet have full certainty over the group's capital requirement from 2016. Though based on what we know today, we'd be surprised if there was a material adverse change in the requirements compared to ICAS. We're likely to get certainty in the coming months. But until that point, we'll continue to hold the sort of surplus we have today.

What does that mean for dividends? Well, firstly to reiterate, there's been no change in our philosophy as regards dividends. We still believe it's for our shareholders to decide what to do with surplus funds. And so we'll pay out what we don't need to keep in the group for solvency, opportunities for growth and contingencies. Our final 2014 dividend has therefore been calculated on the basis that dividends should normally move in line with earnings, unless something material changes in capital or capital requirements or our growth aspirations.

The full year payout ratio for 2014 is therefore the same as 2013, 95%. And finally, what happens if the Solvency II capital requirement is similar to ICAS and the group has a material amount of surplus in January 2016? Well, that would be a nice problem to have, of course. And we've communicated our intentions as regards the ongoing capital position if and when that happens. But remember, the regulatory requirement at that point is only one aspect. You have to also consider the capital we need for growing our operations and the margin for contingencies.

And finally for me, very brief summary of earnings and dividends, 2010, 2013, and 2014. For 2014, you see a full year dividend of £0.984, which is slightly down in 2013, but is up over 40% compared to 2010. EPS for 2014 at £1.03, also up over 40% compared to 2010. If you have shares, the payment date is 29th of May, and if you don't have any, the ex-dividend date is the 7th of May.

That's the last from us. We'll hand over to David and Stuart to talk about more about the UK.

FINAL

## Stuart Morgan {BIO 17270805 <GO>}

Right. Sorry for that false start. It is my turn now. Good morning. Stuart Morgan, long-serving former Head of Claims, the last couple of years Head of Service in the business with claims oversight. And that's why I'm here to talk about today, to talk about what's happening in the UK claims market. Well, you can see this after a couple of – or many years of consultation with the industry and two years after the introduction of the LASPO rules, small bodily injury claims frequency is pretty much back where it started. There had been some hope in April 2013 when we saw a large fall, but that looks artificial now. Seems it did come off from quite a bit of a spike in the months immediately prior to the reforms coming in.

What is very true is there remains a very strong appetite in the market for claimants to claim for bodily injury, whether it be in a road accident, and also for lawyers to act to those claims because there's still good money to be made.

However, a little bit more success on cost. There's been a redistribution of cost in fact. And claimants, the people who were injured, they seem to be getting a little bit more money largely on the back of the 10% increase in damages they had as a result of the Simmons v Castle case. But lawyers are doing a little bit less well, and they've offset that by cutting their overheads in their business and finding new income streams. So it does still remain a profitable business.

What also remains true is that you can do well at the claims department if you have good motivated staff long-standing members of staff, you have a stake in the business, a bit like ours, and if they're using good MI and IT, that makes it better still.

But what about general claims inflation – I'm sorry, general claims frequency. Well, after years of decline possibly brought about by low economic activity and higher fuel cost, the trend does seem to have reversed, and that might be expected given the turnaround in both of those indicators.

Well, for 22 years of being with Admiral, and frankly, there's been something going on in the market every year, some reform and we've been through quite a lot recently. But possibly a quieter time to come. Would you agree though. Some in the industry point to the new MedCo rules as being very significant in terms of frequency and reduction in cost. But I'm afraid at the moment, I don't share that optimism. It is, however, election

Bloomberg Transcript

FINAL

year, and given the stubbornness of bodily injuries frequency, a review of those reforms is expected.

Same as the last time I was here, the effect of handling of large BI claims remains an overriding importance to us. On the positive side on cost, the banning of conditional fees should have a positive impact as claims settle. Remember that lawyers were able to charge an uplift of up to 100% on their base cost, which on their own was sometimes in one hundreds of thousands of pounds. But general damages continue to inflate, I'm afraid. And that's for well-recognized reasons, which we put up on the slide there, one of them is for medical equipment reasons, it's worth mentioning that in the last few weeks, we had our first ever claim for provision of an exoskeleton.

And final slide for me, staff and customers are the most important people we have. And happily, both seem to be very content with us. Feedback scores remain very buoyant. This is despite us using the quieter times to improve our administration efficiency in the business. This, in turn, has contributed to our retention of the low expense ratio and maintenance of the gap we enjoy over the rest of the market. That's all for me. Let's turn to David.

## David Graham Stevens {BIO 6807391 <GO>}

Thank you, Stuart. I'm going to talk a bit about the UK car insurance market as a whole and then a bit more about our claims ratio. What you see here is the ABI Motor Insurance Premium Tracker, which is an index that includes both new business and renewals looks at written premiums. The dark blue is the year-on-year change and the light blue is the cumulative change since the beginning of 2012.

And what you see on this exhibit is two interesting things. You see the impact of the longest sustained period of premium deflation I think that's ever happened in the UK car insurance market, culminating in almost a 15% reduction in cumulative premiums from the beginning of 2012 to quarter three 2014. But what you see more optimistically, more encouragingly is also evidence of a turn. So you see on the dark blue, the first year-on-year increase showing in quarter four 2014, and therefore, some reversal of a long period of premium deflation beginning to emerge.

Now, we ourselves felt that the length of that premium deflation period and the re-emergence of claims inflation, as Stuart talked about, meant it was appropriate to start increasing our prices earlier in 2014. So from quarter two 2014, we began to increase our prices on new business. And during the course of the balance of the year, we increased them by roughly 10%.

Now you can see from this exhibit, which is shown in percentage times we are top on price comparison sites indexed at 100 for quarter one that in doing that, we were moving earlier than the market as a whole. And that manifested itself in a reduction in our share of percentage times top and therefore a reduction in our share of the new business market. In the UK, particularly marked in Q2 to Q3 but effectively going through each of the three quarters of 2014.

Bloomberg Transcript

That reduction in share was particularly marked in the younger driver segments where we saw a number of our competitors re-entering that segment or emphasizing it more than they had historically. So as an example of that, the share of our new business that came from the under 21 year olds fell 5% in 2013, and 17% in 2014. Percentages, percentage points, they can get a bit confusing. So what I mean by that is if you started 2014, hypothetically, with a 10% of our share under 21 years old, we would've finished it at 8.3%.

Now, we did lose share of new business, but our volume of vehicles on cover was pretty flat, even slightly increased. And that was because of the very positive retention impact, retention outcome during 2014. That was partly a market-wide phenomenon. During the course of 2014, everyone's enjoyed unusually high levels of retention. But the data we have available to us suggests that our improvement was somewhat stronger than the market, more of our customers made it to renewal and more of those renewed following a number of operational improvements.

Now, what about the loss ratio? First point I would like to make is a very positive back year development. A number of you will be familiar with this exhibit, but for those of you who aren't, just remind you what we're looking at here. The red line is the market accidental year loss ratio as at the end of December 2013, because that's the latest data available. With all the reserve releases allocated back to the year for which they apply.

The blue line is our projected ultimate loss ratio for each calendar year, each accident year. And what you see in the brackets is the movement from the mid-year to the end of December 2014, and the back years in that period, you're seeing 2010, 2011 and 2012 reducing by a point to 2 points, and 2013 reducing a very encouraging 4 points during the course of the last six months.

However, 2014, the very early projections on 2014 are less positive. And here is the breakdown of the evolution of 2013 into 2014 where you're seeing the first cut projection of ultimate for the accident year 2014 coming in at 82%.

That's made up of three drivers. The first driver is the reduction in the average premium earned, which accounts for about 10% of the movement and is a combination of the impact of price reductions by ourselves in 2013 and early 2014, the change in mix of new business, and the increased proportion of our business, that is renewal.

Now, if you have a change in mix in your business like that, you'd expect to see it feed through in better frequency. And indeed, we have. So the frequency impact is of the order of 2%, equivalent to a minus 2.5% frequency. In contrast to the market, which was roughly plus 2.5%, 3% in 2014, so roughly a 5-point gap versus the market.

And the blue, final element is the average claims inflation, which accounts for 6% of the movement, which equates to an average claim inflation of 8%. That's a higher number than you'd to anticipate in a normal year, and it's a significantly higher number that you'd anticipate in the context of a shift in mix towards a more standard business. It is in this case attributable to a high frequency of larger bodily injury claims than we would normally anticipate in the first year of an accident year.



FINAL
Bloomberg Transcript

FINAL

What I would say is that like bodily injury, makes the projection of ultimate loss ratios at this early a stage, a particularly difficult thing and it creates a particularly wide range of possible outcomes. And we have, in the past, seen years where the initial pick has been very difficult to make because of large bodily injury frequency and then we've enjoyed significant subsequent reductions in projected ultimates on those years.

No guarantee that that will happen but I would be disappointed given the business mix if we did see some improvements on that average claim number as we go forward.

The outlook for the business as a whole in 2015, well, as we saw from the first page of the ABI index, we are seeing an end to the period of price reductions and some emergence of price increases. We anticipate there will be continued price increases during the course of 2015. That's certainly our own expectation. Given the pressure from claims inflation and given the fact that, in a sense, the market is potentially overshot in its premium reductions, hard to make a call, whether it bumps along the bottom for a while before correcting more violently, or whether it corrects more rationally by moving into a period of premium inflation above the sort of 3%, 4%, 5% that you need just to stay flat in terms of profitability.

Meanwhile, the success of the back years, in terms of their positive evolution, has allowed, as Geraint mentioned, us to make very substantial reserve releases in 2014, while not compromising our buffer. So, what we can say about 2015, in the absence of any unexpected claims shock, we would anticipate that 2015 should be another year with substantial reserve releases.

So, that's the UK. I'm going to hand over to Milena and Elena, who will talk about international.

Bloomberg Transcript

## Milena Mondini {BIO 18674746 <GO>}

Thank you, David. Good morning, everybody. It's always a pleasure to be here, but particularly today because we're going to speak to you about quite exciting times in international expansion at Admiral Group. As you can see in the slide, we're now operating in four countries with five brands. The oldest one being launched in Spain in 2006, Balumba, and the youngest one being also launched in Spain last year, Qualitas Auto. Before we speak about performance, I think it's worth to remember that although international expansion is a minority of Admiral Group still, those four countries together, Italy, France, Spain and U.S. reach a size of more than £150 billion. That is 10 times UK.

So, how was 2014? All in all, we're very pleased with the results. We have seen improvement in the top line and the bottom line and profits in one of our subsidiaries in Italy. As you can see in the bottom of the page, the business grew and has every single year since its first launch, and it grew by 10% in turnover. And this figure would have been 20% as local currency exchange rates stayed the same. And it grew also 15% in number of vehicles. This now reached 600,000 and tripled since 2010.

So more in detail in the following slide, you can see the split by business of turnover on the left part of the slide, where you can see that the biggest contributor was ConTe, blue on the top, although Elephant is catching up really fast. And just please note that the figures are in two different currency, euro and dollar. Followed by Admiral Seguros, and lastly L'olivier.

On the right side of the slide, we can split the vehicles under cover by business. And we can appreciate that the number of vehicles under cover grew in every single country, although at a different pace. You can also see that the increase in vehicles number was partially offset by decrease in average premium in some countries, that is quite evident in Italy and Spain.

So, year after year, we're conquering our share in the group. We are now finally in 10% in turnover in respect of the total of the group, and 15% in vehicles under cover. Let's just keep in mind that this was less than 5% in 2010 and 0% in 2006.

So, the different businesses are at very different stage of maturity. So, while we are still significantly investing in the growth of some of those, we're also seeing improvement in the bottom line, particularly from the more mature ones. As Henry and David already pointed out, the growth was coupled with a reduction in the total loss by a couple of million to £20 million overall in 2014, also thanks to the release of the Italian business.

So, all in all, more premium, better performance and overall a contained investment. That was the 4% of total group profit since the beginning of this venture until now, and more specifically, 6% in 2014. Now, 6%, 4% is not a magic number, not a threshold, not a target, not an input but rather an output of our approach in international expansion that has always been centered around sustainable organic growth. However, this doesn't mean that if an interesting opportunity arises, we won't to decide to invest more.

Let's see now the key highlights of each business, starting with the oldest one, Admiral Seguros. Our Spanish business was able to grow substantially by 20%. One of main driver of the success has been the advertising campaign of our new brand Qualitas Auto, endorsed by the very charming Pierce Brosnan as testimonial.

And the Spanish team was able to achieve this growth in a very challenging market where competition was extremely fierce. Likely, there are some promising signs that may trigger more shopping in 2015 and beyond. Car sales increased by 20% year-on-year. Combined ratio finally getting closer to 100%. It was 97% at the end of last year, and fuel consumption is increasing. And in addition, we may expect the implementation of new Baremo that will lead again this price increase. Worth to mention also that in Spain, we sold our first motorbike policy before year end. So now we underwrite and sell motorbike insurance both in Italy and in Spain.

Main focus of 2014 has been the growth. And you may guessed by now what the main focus of 2015 is going to be. As Henry stated in the – as Henry mentioned in his statement, we have the ambition to breakeven on underwriting base this year in Spain, and usually Henry put his money where his mouth is.



FINAL
Bloomberg Transcript

FINAL

So moving to France, our youngest and smallest operation and also slightly different because since the beginning we used a different approach, and we leverage heavily on a local outsourcer. So in the first year, we explored the market, we learned about the consumer, about pricing, and we gain confidence that France is another interesting opportunity for Admiral. So we decide to focus more on insourcing and setting up a new system, new processes and a strong team.

There is more work to be done. We're still at a very early stage, but we are now in a much better position to take advantage of a market that is changing and is changing for the better, thanks to developmental price comparison sites and thanks to favorable regulation.

You may remember that last year, we were anxiously expecting the Loi Hamon, the government – this is the law that will simplify dramatically the process of switching car insurance and therefore will favor new entrants and our growth. The government let us wait a while until the very end of the year. But 31st of December, the law was finally approved and that's very positive sign for the future.

From several tree to several (34:30) animal, Elephant operates in the biggest market in the world, 200 million vehicles. That's a big expansion opportunity. We're now operating in four states, Virginia, Maryland, Texas and Illinois, and those states together reach a size that equal France and Italy, 34 million. So, we have plenty of expansion opportunity in those states and also beyond.

Also important to remember that direct channel is growing at fast pace. It is more or less 25% of the market but new business is roughly 40%. And even more important, finally, thanks to comparenow, a proper price comparison site are becoming a reality also in the U.S. So Elephant, while accomplishing very important infrastructure improvements during the year, also achieved an impressive growth of 70% in dollar turnover.

Quite different market situation in Italy, I would say much more similar to Spain with the shrinking market and price reduction, up to 10% on price comparison sites and 6% overall. A very aggressive promotion and advertising particularly from traditional players. Why is that? The reason is very, very simple. 2013 recorded an unforeseen 88% of combined ratio with high margin. And so, not unsurprisingly, our competitor invested a lot of additional profit in chasing growth and therefore makes more expensive for us to grow.

So, we have been patient and we consciously decided to keep the policy base almost stable and to focus on the profitability of the business while at the same time continuing investment in antifraud, underwriting, pricing and claims. And we did this quite successfully because for the first time, we are reporting profit in Italy.

Beyond the meaning that this success had for the Italian team, I think this was a very good example of how we can transfer Admiral skills abroad. And in particular, a big focus on being low cost, focus on pricing, very efficient and proactive claims handling, and a good mastering in leverage of the switch of distribution channel.

Bloomberg Transcript

So, the Italian market is quite similar to UK in the sense that is quite violently cyclical. We grew a lot while the price were increasing. We stabilized and reduced the growth while the market stabilized. But now we have a very strong platform and we have a strong foundation to push the foot on the pedal and grow faster when the market would be more favorable.

We made profits in 2014 on back of reserve releases, as Henry mentioned before, but we also foresee the same conservative approach in reserving going forward in the future, as in UK. And as Henry mentioned, we achieved a lot of improvement also in the underwriting business and improvement in the combined ratio.

So in summary, to conclude, year after year, we are gaining more and more confidence that we are in the right trajectory to create a lot of other Admiral little success stories abroad. I'm thinking about, U.S. I'm not even sure little is an appropriate word. As you can see from the graph, we're now operating in a market that is huge. We only have 0.1% market share. So the trajectory is very easy, the goal easy, we have 99.9% to go for.

And now, Elena will tell us more about the other side of our business, our main source of sales, the price comparison site. Thank you.

## Elena Betes {BIO 19792618 <GO>}

Good morning, everybody. I'm Elena. Not Milena. Not to be confused. Difficult, I know. I joined the group seven years ago to launch the first price comparison abroad. It was in Spain, Rastreator.com. Nowadays, I still run it and I supervise our price comparison in France, LeLynx, (38:40)

I was here in front of you, five years ago. I even remember some faces. You probably not. And I'm really proud to be back because it wasn't clear at that moment of time that I was going to be back. But today, we have four price comparison and three of them are profitable.

Before we move into – and the objective of this presentation it's getting a little bit deeper on them and let me show you the aggregate numbers. 2014, we have a slight reduction on revenue lines, mainly because of Confused results. I think it's worth to point out that international operations generate 25% of this revenue line already. £27 million, it's even more important than only four years ago on 2010, it was less than £4 million. If we move to the profit before taxes, here we have a big drop, we were around £21 million last year, we are on £4 million this year. Let's say it's a drop on purpose.

We are investing heavily, as you see, in compare.com, our rebranded operation in the U.S., with £50 million. Let's move to get little bit of details on them. To be honest. Our initial operations, Confused.com. Confused.com had a tough year during 2014. As David was explaining, the premiums have been falling, retention have improved to every single player. The aggregate of market has been quite stable and with limited growth.



FINAL
Bloomberg Transcript

FINAL

Bloomberg Transcript

In this environment, the median posted by the four main players have remained stable. And we were affected by change from the Google algorithm on February 2014, which reduced our feet traffic and, therefore, our results. All in all, this means for us, that we reduced turnover of 8% compared with 2013 and reduced on profit before taxes of 27%. We are fighting back, that's not the end of the game in a lot of angles, but let me bring your attention to our other site, Brian.

[Video Presentation] (41:06-41:11)

Here we go, we are fighting back on the brand with BRIAN. I think it's a really great tool to fight back. We launched it recently and it has been a huge impact in terms of brand awareness. We have moved from 72% to 82%, and we are convinced that this could help us to recover our position.

If we move to the European expansion, we are quite happy, this has been a success story of growth and profitability. Last 2009, Rastreator, we broke even in 2011; we launched, 2010, LeLynx and we broke even in 2013. We are quite happy with the growth. We measured growth in terms of quotes. Those are not just car quotes, those are overall quotes, and we grow 22% last year. And we are growing in a profitable way. We grow our profit 52% from last year.

Let me point out (42:10) it is important to understand that although it's not going to be a revolution, it will have an impact and it will have a positive impact on our businesses. It's not that the people can cancel any time after 12 months, but it's through the simplicity of this cancellation process. We have moved in a country that they need to have a certified letter with two months' notice to a country that they just have one month notice and it's the new issuer that has to cancel their policies. We are moving to the most complicated country to cancel to the easiest in Europe. And we think this will have an important impact in our businesses.

If you will ask me, okay, but how are you doing against competitor of this market? Is there competition there? Yes, there is competition but we are leading. And there is no ranking. It's very difficult to get market shares, but what we have done, we have took to Google web searches and basically from the beginning of our history. The blue line is ours. As you see, both countries are leading in their markets. They are normally previous competitors like the lines that are green and red. But it tends to disappear because they are mainly based on free traffic. And they are not able to change their model. And then, you have the kind of people that try to enter, and depending on their pocket, they will remain or they will buy.

We just acquired at the – we agreed to acquire at the end of the year one of them in Spain, Seguros.es. We thought it was a generic name and it could help us in the future. We won 2013 our – that's fine – on Rastreator for the best website and most popular in terms of comparison. I have to say, we won last year too. But I wasn't here to show off.

If I think about what are the pillars for next year, there are three main ones. We want to be the preferred brand. It's not about just being known. We are highly known, amazingly known in our countries, 91% in Spain, 73% – 75% in LeLynx. But we want to be preferred, and this is one of the assets.

Second one, product development. We have not just invested on car insurance and other insurance we are investing in other verticals, and we will leave them in this markets because our investment on our brand allow it. And this will increase to help the frequency of how reps use.

And third one, don't forget, we are certainly a digital world. There are players that gather more data out of the customer in hundreds of questions and using it correctly will guide our future.

Let's move to our baby operation, U.S., compare.com. Let's start with the rebrand. I will correct rebrand for rename. We haven't changed look here. We haven't changed values. We haven't changed communication. It's all the same. But we found out that the people were having struggles to remember them now, and they were kind of fighting compare.com that it was available, it was an opportunity we'll just take it.

If we go to the market, you have to understand that U.S. there was no European price comparison, you'd be amazed and figure out that you get to a price, accurate price and you are able to buy it. We are kind of building this new model. We do expect competitors, of course, but I think it's huge market and it will even help us.

If I go a little bit on operations, to give you kind of a feeling or insight, there are two sides of it. One, the product side. At the beginning, when you build these operations, it is key to have a panel. We, nowadays, have 40 insurers signed, 27 on the panel. and you will say, why such a difference? It is really difficult to integrate insurers in U.S. because of the state's complexity, then normally it's something that will take us in Europe, one to three months, could take up eight months there. It's difficult, that is the entry barrier, too.

The rate of return. The average rate of return has been growing every month 12%. If we move to the other side, to the demand side, are we able to drive demand on a reasonable cost. We are proud to say that we are paying half of the costs that we were paying at the beginning of the year. It's fit. I know those are just insights – small operational insights, but it give you the feeling that it's moving on the right direction.

We are, as previously announced, we keep committed with this investment and this year will represent £20 million to £30 million. We are happy with the adoption as it looks promising. It's anticipating more of your questions and they're good results, what are you doing, where are we going now. So, nothing to be announced, we are open to a lot of analysis around the countries that we are seen but there is still no decisions made. That's from my side. Henry, back to you.

## Henry Allan Engelhardt {BIO 3022947 <GO>}

Thank you, Milena and Elena. Just to summarize, we are investing in different markets. They all have great potential, but they all are different with different competitive



FINAL
Bloomberg Transcript

FINAL

Bloomberg Transcript

landscapes and different timetables to success. UK car insurance profits, clearly going to be more cyclically influenced than before. Good news, ConTe made its first profit and I fully expect Admiral Seguros to reach breakeven on a written basis in 2015.

Market leading and profitable and growing brands for price comparison in Spain and France. It's a very competitive UK market and we're doing what we can to ensure the future success of Confused and a big opportunity for price comparison in the U.S.

Longer term, I believe there will be greater balance as the non-UK entities grow up. Household insurance, we haven't spoken about, but it's growing rather nicely. And those will balance against the big core product of UK car insurance. And there are further international growth opportunities which we're examining at the moment.

As I mentioned at the outset of this presentation, this is the first time since we went public over 10 years ago, in fact, the first time this century that we have not announced record profits. Like the hot and cold of a Baked Alaska, I am both sad to see this record go but happy too, happy that the group is willing to invest in the future even to the detriment of short term profits.

One of the key drivers of Admiral's success is the company culture. As you can see, we've won a lot of awards for culture and being a great place to work everywhere we go. We have a simple philosophy. If people like what they do, they'll do it better. So we go out of our way to make Admiral a great place to work. And we also want our staff to feel like owners, so we give staff part of the company to own, and all staff will split up over £20 million worth of shares for the 2014 year.

Here again are the key points from our 2014 results and I want to thank you for your attention here this morning. David will now join me up front, but please feel free to ask questions of anybody on the panel. And we would like now to open it up for questions. But before we do, just to note, we actually are going to be kicked out of the room before too long. So, we're going to limit this to two questions at a go. Okay? Two. Great.

# Q&A

## Operator

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Only two. Try again.

## Q - Greig N. Paterson {BIO 6587493 <GO>}

Hello, Greig Paterson, KBW. Two questions. One is Google, there was a rumor – I don't know if you've announced the Google deal or it's in the pipeline or whatever. Maybe I'm on top of things, I wonder if you could talk about that and the U.S.

And second thing is I noticed your wording was very careful on young drivers. You said if you started with the 10% share two years ago, it would have gone down to 8.1%. Could you just tell us what percentage of the under 21 year olds are currently your share? Is it 8.1% or is it a different number?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

On the Google side, I'm afraid I can't comment on that. I'd like to.

## Q - Greig N. Paterson {BIO 6587493 <GO>}

Does that count for a question?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Sorry?

## Q - Greig N. Paterson {BIO 6587493 <GO>}

Does that count for a question?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Oh well, well. What do you think? Does that count? He gets another question? I couldn't give you another question, Greig.

## A - David Graham Stevens {BIO 6807391 <GO>}

And on the young driver one, that was a hypothetical way of explaining the math in case people sort of got – misinterpreted the use of percentage and percentage points and stuff like that. We don't break this number out.

## Q - Greig N. Paterson {BIO 6587493 <GO>}

Oh, so you're not disclosing them as I recall. Just the – I remember a while back you said you'll give each international business five years, and then price it down or sell it, whatever. And the Spanish one, you've sort of set them a target to break even. If they don't break even, will you dispose or close that business down?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

No. I mean, we said six years to 10 years. Spain reaches its nine birthday on Halloween. It depends on why they don't break even to determine what we do. I mean, one very good reason why they might not break even is there's an opportunity for growth, and growth takes the cost up in front end, and so we would not break even but we would grow a lot faster than we have been. So, that would be a good tradeoff. So, we'll see. But personally, I do fully expect them to break even.

## Q - Nick H. Johnson {BIO 1774629 <GO>}

FINAL
Bloomberg Transcript

Good morning. Nick Johnson from Numis. Just wondering if you could tell us what the booked loss ratio is for 2014. I think you'd normally give it out at this stage, but it seems to be missing from slide 58 in the appendix. If you can't give a number, then perhaps you could just comment on the level of caution in the reserve buffer for 2014. Is there any change in your normal approach? Thanks.

## A - Geraint Jones {BIO 19738535 <GO>}

The booked ratio for 2014 is in the in the notes of the accounts, 92%. I think it's note 5. The caution on the overall level of reserves is as big as I said it'll be. So, despite the big release, we've knocked that into the caution in the reserves.

## Q - Marcus P. Rivaldi {BIO 5739374 <GO>}

Thank you. Marcus Rivaldi, Morgan Stanley. My question is just really focusing on that ultimate loss ratio walk you gave, David. Could you just talk about how you – is that going to be resetting now higher for this year and on or is there any one-offs in there that would suggest that it may be hopefully down faster than it's going up this year? And then secondly, what has been the reaction in the M&A around the international businesses has made it so, I'll start with that one. And your ABS structure again, is that broken out, your profitability you're making from your ABS-es and where would I find that in the P&L. Thank you.

## A - David Graham Stevens {BIO 6807391 <GO>}

On the projections for the ultimate, it's a complicated question to answer because one element to the answer is what is likely to be the movement in 2015 versus 2014, and one element to the answer is what actually is 2014 from which the movement occurs, and both those are very much up for grabs. All I would say is that the impact of our premium increases over the course of the second half or the last three quarters of 2014 really haven't had a chance to feed through into the average earned premium number. And so, we would anticipate that 2015 will do better than 2014 on that measure, significantly better. Frequency and average claims inflation, we don't really tend to speculate on them. And the ABS-es.

## A - Geraint Jones {BIO 19738535 <GO>}

Well, on the ABS, the profits in those businesses appeared in the attractively titled net of other income line. We don't break out. It appears in the £67 a vehicle. In the group context, it's very small.

## Q - Marcus P. Rivaldi {BIO 5739374 <GO>}

Were there any – I mean the large BI impact in that number. Sorry, just come out and give that, what was the impact of that latest spike, or abnormal large?

## A - David Graham Stevens {BIO 6807391 <GO>}

I don't think we really break that down. Obviously, the evolution of the ultimate loss ratio will very much depend on whether that unusual pattern is a one-off or is repetitive going forward. So that remains to be seen.

FINAL
Bloomberg Transcript

FINAL

Bloomberg Transcript

## Q - Marcus P. Rivaldi {BIO 5739374 <GO>}

Thank you.

## Operator

## Q - James A. Shuck {BIO 3680082 <GO>}

It's James Shuck from UBS. I just want to circle back on the claims inflation trends particularly is the picture you're painting is one of the small bodily injury claims inflation returning and a high level of BI claims in the year. There's very different data emanating from the ABI that was indicating that claims inflation, particularly bodily injury claims inflation, sell quite significantly at the course of 2014. So I was wondering if you could help square those two things if possible.

And then secondly, one of your peers the other day kind of referred to one player in particular being quite aggressive on pricing in Q1. Could you just comment on what's happened to pricing in Q1 and whether you're seeing the same thing in terms of one large player?

## A - David Graham Stevens {BIO 6807391 <GO>}

On the ABI data, I think the data you refer to is the value of settlements. And that's a very backward-looking measure in the sense that the average time it takes to settle a bodily injury claim is about 12 months. But the average time weighted by value was about three years. So when you're seeing numbers in 2014, which are lower than 2013 in terms of settlements, it's actually telling you something about what was happening two or three or four years ago. It's not telling you something about what's happening now in the underlying profitability, what's happening now.

You have to limit to one question because I can never remember. What's the second again?

## Q - James A. Shuck {BIO 3680082 <GO>}

Who's the large player being very competitive in Q1?

## A - David Graham Stevens {BIO 6807391 <GO>}

Well, to be honest, I mean we have sought to continue to move our prices forward. And I think we would describe the way the market is behaving in the first two months as bumping along the bottom but certainly not cutting. Having said that, there are individual players that are moving their share. Some people being less aggressive and some people are being more aggressive. But that's always the case and it varies by quarter almost.

## Q - Alan G. Devlin {BIO 5936254 <GO>}

Hello. Alan Devlin from Barclays. A couple questions. Just this one on the reserve releases. And given what's driving the record reserve releases given your comments on claims inflation and very active reserves. You seemed a bit more cautious six months ago, you talked about reserve releases couldn't last forever given the pricing.

And then the second question Travelers.es said earlier in the week that they thought es claims frequency would decline by a third over the next five years. And what kind of indications will that have for the business model? Presumably, these reserve releases last for longer, but it might have a soft cycle for longer and expenses become more part of the equation. Thanks.

## A - David Graham Stevens {BIO 6807391 <GO>}

Geraint, do the reserve releases and I'll do the frequency.

## A - Geraint Jones {BIO 19738535 <GO>}

Okay. So on reserve releases to start with, our releases are a factor of our cautious approach to reserving. So we set our reserves initially well above the projected ultimate outcome. Those claims develop as we expect them to do then you expect that margin to be released into the P&L over time. If the back year has developed better than we expect, then we'd expect more to be released over time as that projected ultimate increases. And what we saw during 2014 was in very good development in a couple of the back years David pointed out, 2011, 2012 and 2013 in particular. And whilst we haven't taken full credit for those improvements, we were able to make a big release without decrementing the size of the conservatism in the reserves, and we'd expect that to be a feature in the future.

## A - David Graham Stevens {BIO 6807391 <GO>}

On frequency, there is a set of structural long-term tendency for frequency to fall driven by two things, mainly by technology where cars are getting better in terms of avoiding accidents, partly by more penetration in multicar households so that in a sense each car tend to be getting used less.

So, although we pointed out that a period of claim frequency decrease has come to an end, we do see that as a temporary feature, driven by the economic cycle in petrol prices and we would expect to revert towards a gradual reduction in frequency over time.

What we've also seen – and this is going back over a long, long period – because of the dominance now of the larger bodily injury takers that the frequency impact and the severity impact are countervailing so that the average claims cost more and more. And that's a lot about technology again in the widest definition of the term, more and more of our motorists when they're involved in an accident happily survive but that's very, very expensive. An exoskeleton, Stuart mentioned it, that doesn't come cheap. So, you're getting fewer claims but they cost more.

## Q - Ravi Tanna {BIO 16926941 <GO>}

Thank you. It's Ravi Tanna at Goldman Sachs. Just a couple of questions, please. The first one was around your BP loss ratios and you've kind of mentioned that you haven't



FINAL
Bloomberg Transcript

FINAL

changed your operational conservatism there. In the past, a few years back, you did decide to reduce that and then you increased as a result of large BI claims. I'm just wondering under what circumstances might you think to go back to reducing that conservatism and, obviously, one of your peers has mentioned doing such.

And then the second question was just about this press (01:00:35) article suggesting vehicle repair costs in garages across the UK are facing difficulty and are diminishing in number. Are you observing this and does this impact your other revenue per vehicle at all in any way?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Stuart, do you want to take the garages and then, Geraint?

## A - Stuart Morgan {BIO 17270805 <GO>}

On the garages front, I would say that we haven't noticed that issue, but that's something that's been around the industry for a long time. That's what I'd like to say.

## A - Geraint Jones {BIO 19738535 <GO>}

On the conservatism in the reserves, I don't foresee any change in our philosophy with regards to reserves. So we are a cautious reserve. The size of the margin that we hold above best estimates is driven by conditions at the point in time. What we see in the market, and what we see at our own data, that could be large BI, it could be very big improvements on back-year loss ratios. And there are obviously a range of other factors that could drive it up.

It's at the high end of where we'd normally expect to see it, which sort of implies that on a long-term average, it would be lower than it currently is. What would drive us to reduce it would be less movement on back-year loss ratios or less significant movement on back years, less and more normal large BI experience, those sorts of things. But we judge it based on what we see at that point in time.

## Q - Ravi Tanna {BIO 16926941 <GO>}

Okay. Thank you.

## Q - Andrew J. Crean {BIO 16513202 <GO>}

It's Andrew Crean here with Autonomous. Two questions. One, if we – you look as though you've got an internal and economic capital coverage ratio, about 1.7 – just over 1.7 times I think if you're using that £300 million. If that swings through into Solvency II, that's going to be substantially more than anyone else, I wonder whether you could say under what circumstances you'd be prepared to hold the dividend, even if earnings were falling in the short term and you're investing more in comparenow or you continue with this 95% payout? That's the first question.

Bloomberg Transcript

FINAL

The second question on the overseas, while you're excited about it what I have observed from the market is that the market is capitalizing. You're growing losses into the share price at the group multiple, which is not a good situation to be in. Could you give us some ideas as how you might provide the market with some sense that these are actually developing positive value? And could you talk a little bit about this warning you're giving about an additional investment?

## A - Geraint Jones {BIO 19738535 <GO>}

On the economic capital coverage, we don't disclose the, we haven't given a coverage ratio. We've given a surplus.

## Q - Andrew J. Crean {BIO 16513202 <GO>}

But you can calculate it?

## A - Geraint Jones {BIO 19738535 <GO>}

Well, you can estimate it, can't calculate it. Anyway, by the by, I think in the future, in terms of dividends, I would reaffirm what we said earlier. Our policy is to distribute surplus capital that we don't need, and surplus is defined as what we don't need above regulatory capital, capital need for growth and margins for contingencies. So when we get clarity over the Solvency II regulatory capital requirement, we'll be in a position to make a call on what the dividend is at that point.

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

On the overseas, I think we've been somewhat clear here today on what's happening in each individual business and the development of the older businesses, which has been very positive. We will continue to invest. Elena was very clear on the investments that we plan for compare.com, but we will also invest in our other businesses. They all need to grow over time to reach sufficient scale so that will take investment, and particularly the younger businesses, Elephant in the U.S., and L'olivier in France. They will take substantial investments over time to grow their policy count.

## Q - Andrew J. Crean {BIO 16513202 <GO>}

Were you hinting about investment? Was that in one of these businesses or are you thinking about another venture?

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

There's also potential, newer opportunities out there that look attractive, and then they would take investment as well, but we've got nothing specific for 2014, 2015, 2016. Okay.

## Q - Sami Taipalus {BIO 17452234 <GO>}

Hi. Sami Taipalus from Berenberg. I just wanted to ask you about the investment you made in IT in your UK business. First, the first part of the question is was there any one-off costs in 2014 that might fall out over future years? And the second part is would it be – is

Bloomberg Transcript

there a potential to actually reduce the underlying cost base on the back of this investment or should it kind of continue to chug along? Thank you.

## A - Geraint Jones {BIO 19738535 <GO>}

On the IT investment we made in 2014, actually it sits on the balance sheet currently. So it's in capital. It'll start its amortization in 2015 where we start using it – hopefully in 2015, when we start using it. Were there one-offs in 2014's expenses? Nothing material. Will it have a material impact on the expenses on the expense ratio, given we're writing off 10 years probably, so not.

## Q - Sami Taipalus {BIO 17452234 <GO>}

What about the benefits of having implemented it?

## A - Geraint Jones {BIO 19738535 <GO>}

Well, having a new IT system is – will bring benefits in terms of – in a wide number of areas. We're always looking at opportunities to make sure we spend money wisely. And are there going to be great improvement in the expense ratios as a result of the IT system? Probably not.

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Any other questions?

(01:06:08) follow-up quickly for me, just on Italy, should we expect profits to continue from here on? So obviously it was a very strong year for the market wide. Why you scraped the profit in 2014 on the back of reserve releases? Should we expect the same going into 2015, given now turned the corner? Thank you.

## A - Milena Mondini {BIO 18674746 <GO>}

As I mentioned before, we are improving also the underlying business and we look at – I think continue improving the business and we foresee possible additional reserve release in the future because we are adopting an approach to reserving that is very similar to UK. Said that, I also mentioned that the market is very challenging and is also quite cyclical and I would say volatile. It's very hard to predict. But in general terms, I would say that we're seeing improvement and consistent service approach. So I think it's slightly a possibility that we'll foresee profit in the future, unless the market change significantly.

## A - Henry Allan Engelhardt {BIO 3022947 <GO>}

Any questions from the people on the phones? Any other questions here today? Thank you very much for your attendance. We'll see you soon. Cheers.

## Operator

This concludes the Admiral Group Plc full year results. Thank you for joining. You may now disconnect your lines.

FINAL
Bloomberg Transcript

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*

FINAL
Bloomberg Transcript