



Admiral Reports Record Profits & Strong Growth

06 Mar 2007

Admiral Group plc ("Admiral" or "the Group") today announces a record annual result with a profit of £147.3 million for the year to December 2006, an increase of 23% over the previous year. Group turnover, comprising total premiums written, gross other income and investment income, rose 11% to £708.2 million.

2006 Preliminary Results Highlights

- Profit up 23% at £147.3 million (2005: £119.5 million)
- Total final dividend of 24.0p comprising normal dividend of 9.6p; special dividend of 14.4p per share
- Total 2006 dividend of £93.7 million up 47% on 2005
- Group turnover up 11% at £708.2 million (2005: £638.4 million)
- Revenue from products and services not underwritten by the Group up 41% at £131.6m million (2005: £93.4 million)
- Year-end vehicle count up 13% to 1.3m from 1.1m at 31 December 2005
- Confused.com gave 9 million quotes and made a profit of £23.1 million (2005: £8.8 million)
- Employee Share Scheme – over 1,800 staff are to receive around 274,000 free shares based on the H2 2006 results. This means that staff will have received the full allocation of free shares for 2006, valued at £3,000.

Comment from Henry Engelhardt, Group Chief Executive

"We're delighted to be again reporting record profits and strong growth in turnover, despite the challenging market environment. Confused.com, our automated car insurance shopper has again achieved an excellent result. We also launched two new products, Admiral MultiCar and FlexiBell which have been working well for the Group.

"In 2006 we also saw two key long-term developments for the Admiral Group. Admiral went international on 31 October 2006 with the launch of Balumba.es in Spain. The team in Spain have done a brilliant job to create something from nothing. The second key event was the renegotiation and extension until at least 2014 of our partnership with Munich Re. Munich Re have worked with us

since 2000 and continue to be a great partner to work with.

"I believe the Group's performance continues to demonstrate the strength of our model and the hard work of all our staff."

Comment from Alastair Lyons, Group Chairman

"We are very pleased to be able to propose a total final dividend of 24.0p per share, comprising a normal dividend of 9.6p and a special of 14.4p, the latter following our principle of returning available surpluses to shareholders. Our total dividends for the year at 36.1p per share mean that we will have distributed £93.7 million to shareholders, up 47% on 2005. This represents a yield of 3.6% based on the closing share price at 1 March 2007.

"Admiral's share price has again sustained material growth over the last year, the business being valued at £2.7 billion on 1 March 2007, 76% higher than a year previous.

"Taking dividends and share appreciation together, the total return for shareholders in 2006 was 151%."

2006 Preliminary Results Review

Admiral's profit for the year to December 2006 amounted to £147.3 million, an increase of 23% over the £119.5 million achieved the previous year. Group turnover rose 11% in the period to reach £708.2 million (2005: £638.4 million).

During 2006, the Group wrote total motor premiums for itself and its underwriting partners of £567 million (2005: £533.6 million). Over the year as a whole, year-end vehicle count rose 13% to 1.3m.

In the first three quarters of 2006 Admiral's rates remained flat, broadly in line with rates for the market as a whole. In the last quarter, Admiral raised its rates by roughly 3%.

Admiral's highly effective direct distribution model is reflected in an expense ratio of 15.8% (2005: 15.1%). The combined operating ratio for 2006 was 87% (2005: 85%). The directors of Admiral continue to believe that the Group's superior loss and expense ratios will enable it to significantly outperform the UK private motor insurance market.

Confused.com, Admiral's intelligent, automated car insurance shopper

generated more than 9 million quotes in 2006, an increase of 118% over the 4 million in 2005. Confused.com contributed a gross profit of £23.1 million (2005: £8.8 million).

Admiral is a strongly cash generative business which currently has limited need for capital to support its organic growth. The Group's balance sheet is conservatively managed and it expects cash reserves to build over time. Accordingly, the Board has recommended the payment of a normal final dividend of 9.6p per share, in line with its established policy of distributing at least 45% of post-tax profits, and a special dividend of 14.4p per share, to give a final dividend distribution of £63 million. The total dividend distribution in respect of 2006 would amount to £93.7 million.

In line with its strategy of investigating opportunities to expand overseas, Admiral is planning to launch a direct private motor insurance operation in Germany during the latter part of 2007.