



Admiral Reports Record Profits & Strong Growth

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Admiral Group plc ("Admiral" or "the Group") today announces a record annual result with a core profit¹ of £122.1 million for the year to December 2005, an increase of 21% over the previous year. Group turnover, comprising total premiums written, gross other income and investment income, rose 16% to £638.4 million.

2005 Preliminary Results Highlights

- Core profit up 21% at £122.1 million (2004: £100.6 million)
- Total final dividend of 14.9p comprising normal dividend of 7.8p; special dividend of 7.1p per share. (2005 total declared dividends: 24.6p)
- Group turnover up 16% at £638.4 million (2004: £548.0 million)
- Revenue from products and services not underwritten by the Group up 34% at £93.4 million (2004: £69.5 million)
- Active customers up 10% at 1.1m from 1.0m at 31 December 2004
- Confused.com gave 4 million quotes and made a profit of £8.8 million (2004: £2.0 million), including payments from Group brands
- All Employee Share Scheme – over 1,500 staff are to receive around 400,000 free shares based on the strong H2 2005 results. This means that staff will have received the full allocation of free shares for 2005, 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. Admiral's performance demonstrates the strength of its business model and the effectiveness of its distribution strategy. It also goes to show what motivated staff can accomplish.

"Our growth of both profits and turnover strongly suggests that motorists continue to find our product offering attractive and competitive. I am especially pleased with the excellent result achieved by Confused.com, our automated car insurance shopper."

Comment from Alastair Lyons, Group Chairman

"Consistent with our principle of returning excess cash to our shareholders, we are very pleased to be able to propose both a normal final dividend of 7.8p per share and a special dividend of 7.1p per share.

"We will continue to review available cash to determine whether it is appropriate for the Group to pay further special dividends from time to time, in addition to its normal policy of distributing not less than 45% of after-tax profits at each half year."

2005 Preliminary Results Review

Admiral's core profit for the year to December 2005 amounted to £122.1 million, an increase of 21% over the £100.6 million achieved the previous year. Group turnover rose 16% in the period to reach £638.4 million (2004: £548.0 million).

During 2005, the Group wrote total motor premiums for itself and its underwriting partners of £533.6 million (2004: £470.4 million), with the increase driven by substantial growth in sales originated from the Internet. Over the year as a whole the number of policies in force increased by 10%.

In the first half of 2005 Admiral raised rates by 2.9% while rates for the market as a whole stayed broadly flat. During the third quarter, in the face of substantial increases in both the weight of competitor marketing and the level of promotional activity, Admiral reversed some of these increases. Overall Admiral's rates in 2005 were 1% higher than in 2004.

Admiral's highly effective direct distribution model is reflected in an expense ratio of 15.1% (2004: 15.0%). The combined operating ratio for 2005 was 84.9% (2004: 82.0%). 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 that was launched in 2002, generated more than 4 million quotes in 2005, an increase of 192% over the 1.4 million in 2004. Confused.com contributed a gross profit of £8.8 million (2004: £2.0 million), or £6.9 million (2004: £1.3 million) excluding payments from Group brands.

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 7.8p per share, in line with established policy of distributing at least 45% of post-tax profits, and a special dividend of 7.1p per share, to give an aggregate final dividend distribution of £38.7 million. The total dividend distribution in respect of 2005 amounted to £63.8 million.

In December 2005, Admiral launched its latest innovative product, MultiCar. This enables motorists with two or more cars in their household to cover them on the same policy and as a result receive a discount on their premium. It also allows them to be administered through one call and aligns the renewal dates. The initial response has been encouraging.

Kevin Chidwick, Admiral's Deputy Finance Director, was today named Finance Director Designate following the notice from the Group's current Finance and IT Director, Andrew Probert, of his forthcoming retirement.

Mr Probert, 53, will leave the Group in September this year. He joined Admiral in September 1992, prior to the company's launch in January 1993. Andrew guided the company through its MBO in 1999 and, more recently, the company's IPO in 2004. He is retiring to spend more time with his family and will hand over his responsibilities to Kevin over the course of the next six months.

Kevin joined Admiral in September 2005 from Engage Mutual. He has over 20 years experience in UK financial services, including senior positions with Cigna and National Australia Bank. Kevin is a Fellow of the Association of Certified Accountants and has an MBA from London Business School.

Alastair Lyons, Group Chairman said: "Andrew has made an enormous contribution to Admiral's successful growth over 13 years, not only heading up finance, but also taking responsibility for IT, commercial negotiations and facilities. His clear thinking, straightforwardness, energy and consistent good humour will be much missed."

Commenting on the appointment, Henry Engelhardt, Group CEO said: "Andrew's like part of the furniture here and will be very difficult to replace. But in Kevin we've found someone who has a great deal of experience and fits very well in our culture. We certainly wish Andrew all the best and welcome Kevin to the most senior level of the company."

Kevin Chidwick said: "I am delighted to be joining one of the most successful companies in the FTSE 250 and very much look forward to helping Admiral be even more successful in the future."

Andrew Probert said: "Not much for me to say as I'll be spending most of my days worrying about what factor sun cream to put on. I certainly wish Kevin et al. well as I still hold a bushel basket full of shares."

Outlook

Admiral remains confident in its ability to maintain a significant combined ratio advantage over the market average and to continue to grow its book of business. In line with its strategy of investigating opportunities for business outside the United Kingdom, Admiral is working towards launching a direct private motor insurance operation in Spain around the end of 2006.