



Admiral Group plc announces a record Group profit before tax of £405 million for the year ended 31 December 2017

28 Feb 2018

28 February 2018

Admiral Group plc announces a record Group profit before tax of £405 million for the year ended 31 December 2017

2017 Results Highlights

	2017	2016	% change ^{*3}
Group's share of profit before tax	£405.4 million	£284.3 million	+43%
Group statutory profit before tax	£403.5 million	£278.4 million	+45%
Earnings per share	117.2 pence	78.7 pence	+49%
Full year dividend	114.0 pence	102.5 pence ^{*4}	+11%
Return on equity ^{*1}	55%	37%	+49%
Group turnover ^{*1}	£2.96 billion	£2.58 billion	+15%
Group net revenue	£1.13 billion	£1.02 billion	+11%
Group customers ^{*1}	5.73 million	5.15 million	+11%
UK insurance customers ^{*1}	4.62 million	4.12 million	+12%
International car insurance customers ^{*1}	1.03 million	0.86 million	+20%
Group's share of price comparison profit ^{*1}	£7.1 million	£2.7 million	+163%

Statutory price comparison result	£5.4 million	£2.9 million loss	
Solvency ratio (post dividend) ^{*2}	205%	212%	

Over 9,600 staff each receive free shares worth a total of £3,600 under the employee share scheme based on the full year 2017 results

*1 Alternative Performance Measures – refer to the end of the report for definition and explanation.

*2 Refer to capital structure and financial position section later in the report for further information.

*3 The Group's share of profit before tax before the Ogden impact in 2016 was £389.7m. 2017's result is +4% v that adjusted figure. Refer to the end of this report for a summary of financial highlights disclosed in 2016.

*4 2016 dividend excludes additional return of surplus capital. Full year dividend including additional return was 114.4 pence.

Comment from David Stevens, Group Chief Executive Officer

“It's 25 years since the launch of Admiral. 2016 was only the second year we'd ever reported a year on year fall in profits. So it's great to be back in the groove, with a 23rd year of “record profits”.

Beyond the pure financials, there's also a lot going on that helps build the longer-term prosperity of the Group – notably our investment in widening our product range (van, travel, loans in 2017) in a way that helps us attract more customers, and understand and serve better both new & existing customers.

Whilst lots of things have changed, some things have remained the same, including the importance we attach to our staff's well-being. After 17 years of featuring highly as one of the Best Places To Work in the UK, and 15 years in the European rankings, 2017 saw us make it onto the “Best Places in the World” rankings, coming a creditable 23rd.”

Dividend

The Directors have proposed a final dividend of 58.0 pence per share (2016: 51.5p) representing a normal dividend (65% of post-tax profits) of 39.5 pence

per share and a special dividend of 18.5 pence per share. The dividend will be paid on 1 June 2018. The ex-dividend date is 10 May 2018 and the record date is 11 May 2018.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 9.00am GMT on Wednesday 28 February 2018 by dialling + 44 (0)20 3936 2999 and quoting 69 27 88. A copy of the presentation slides will be available at www.admiralgroup.co.uk

2017 Group overview

The Group has maintained its track record of strong growth in 2017 with turnover up 15% to £2.96 billion (2016: £2.58 billion) and net revenue 11% higher at £1.1 billion (2016: £1.0 billion). Customer numbers increased 11% to 5.73 million (2016: 5.15 million). The Group's statutory profit before tax was £403.4 million (2016: £278.4 million) whilst its share of pre-tax profit was £405.4 million (2016: £284.3 million).

The Group's 2017 results reflect higher UK Insurance profits, an improved Price Comparison result and a lower loss in the International Insurance segment, partially offset by higher other Group charges and business development costs. The Group's 2016 profit before tax was adversely impacted by the change in the UK discount rate (commonly referred to as the 'Ogden' discount rate) used to value personal injury claims.

During 2017, the Group's UK Insurance business, consisting of UK Motor and UK Household, delivered strong growth in turnover of 14% to £2.35 billion (2016: £2.06 billion). Net revenue increased by 9% to £841.0 million (2016: £770.9 million). Customer numbers reached 4.6 million (2016: 4.1 million).

Outside the UK, Admiral's International Insurance businesses grew combined turnover by 23% to £449.8 million (2016: £365.9 million) whilst net revenue increased by 35% to £144.8 million (2016: £107.3 million). Customer numbers were up 20% to 1.03 million (2016: 0.86 million). Encouraging progress was made in combined ratio terms with a 4 point improvement, and in aggregate the segment recorded reduced losses of £14.3 million (down from £19.4 million, despite the impact of a significant hurricane on the US result). The Group's Italian insurer ConTe recorded a profit for the fourth consecutive year.

Admiral's Price Comparison businesses made an increased combined profit (excluding minority interests' shares) of £7.1 million (2016: £2.7 million). In the UK, the high level of competition in the price comparison market and investment in the new marketing campaign and product development by Confused.com resulted in reduced profits of £10.1 million in 2017 (2016: £16.1 million). This lower Confused.com profit was offset by a significantly reduced combined loss of £3.0 million (2016: loss £13.4 million) from the international price comparison businesses, where a growing profit in the European operations of £4.1 million (2016: £2.8 million) was offset by a significantly smaller loss in compare.com of £7.1 million (2016: loss £16.2 million).

Directorate change

Following receipt of regulatory approval, the Board of Admiral is pleased to announce the appointment of Andy Crossley as an independent non-executive director and member of the Audit Committee with effect from 27 February 2018.

Andy has 31 years' experience within the financial services sector, most recently as Chief Financial Officer at Domestic & General Group from 2014 to 2017. He spent 14 years at Prudential Plc from 2000 as Director, Group Finance; Group Chief Risk Officer; and CFO and Deputy Chief Executive of Prudential UK. He previously held senior manager roles at Legal & General Group Plc, where he was Group Financial Controller, and Lloyds Bank Plc. Andy is a Fellow of the Institute of Chartered Accountants.

Annette Court, Admiral Group Chairman, commented:

"I am delighted to welcome Andy to the Admiral Board. Andy brings extensive knowledge and experience of the financial services sector which will complement and enhance the range of skills we currently have on the Board.

I'd also like to take this opportunity to congratulate David Stevens on being awarded 'Best Leader' by the Sunday Times for the second year running."

There is no further information which would require disclosure under 9.6.13R of the Listing Rules of the UK Listing Authority.

For further information, please contact:

Admiral

Karen Maguire Investors & Analysts +44 (0) 29 2060 2075

James Carnduff Media

+44 (0) 29 2043 4232

FTI Consulting

Edward Berry +44 (0) 20 3727 1046

Tom Blackwell +44 (0) 20 3727 1051