

# Admiral records solid interim profits and customer growth despite inflationary environment

Motor insurance to loans group Admiral has reported stable first half profits and good customer growth amid economic challenges and high inflation.

The Cardiff-headquartered FTSE 100 business saw operating profits return to pre-pandemic levels after outlier years in 2020 and 2021 saw higher profits due to the impact of Covid-reducing loans.

The firm, which employs 7,500 in south Wales with offices also in Newport and Swansea, recorded group pre-tax profits of £251.3m for the six months to end of June this year.

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This was down significantly by 48% on the exceptional first half of 2021 which saw pre-tax profits of £482.2m, but 19% higher than the first half of 2019 at £210.5m.

Global customers within the business reached 9.1 million at the end of the first half of 2022, up 35% from 6.7m at the end of H1 2019 and over one million more since the first half of 2021.

In the UK, its 6.94m customers were up 12% on the first half of 2021.

Group turnover was up 6% from £1.75bn in 2021 to £1.85bn.

UK Insurance – which includes motor, household and travel –

saw year-on-year growth in both turnover (up 3%) and customer numbers (up 12%) despite significant rate increases in motor insurance in response to higher claims inflation.

UK Insurance profit was down 41% on 2021 from £543.5m to £321.8m with higher current period claims and lower reserve releases and profit commission. However, this was up 26% from the first half of 2019.

In UK motor insurance alone, Admiral reported 5.14m customers in H1 2022, up 4% compared to 4.93m the previous year. Profits were at £317.3m, down from the elevated profit in H1 2021 of £530.4m, but higher than the pre-pandemic profit in H1 2019 of £252m.

However, collectively its international insurance businesses, which include those in the US, France, Italy and Spain, made pre-tax losses of £21.6m compared to £900,000 the previous year. This was primarily driven by increased losses in the US motor insurance (due to much higher claims inflation) offsetting a small profit in European motor insurance.

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Earnings per share for the first half of 2022 was at 67p, down by 50% on the previous year at 132.9p yet 10% higher than 2019 (at 60.9p per share).

Overall, the solid financial performance means that around 10,000 employees each receive free shares worth up to £1,800 under the employee share scheme based on the interim 2022 results.

For shareholders there is an interim dividend of 60p a share (approximately £177m), down 48% on the 115p last year and 5% on the 63p per share in 2019.

Chief executive Milena Mondini de Focatiis said: “Admiral has delivered a solid set of results and good customer growth in the first half of the year. We are happy with this progress against the backdrop of a more turbulent cycle than usual, and high levels of inflation.

“Although, as expected, profit has decreased against last year, the unique conditions of the pandemic years make 2019 a better comparison – with profit and customer numbers increasing by 19% and 35% respectively since then.

“We have remained disciplined, adapting our rates in response to the higher inflation environment earlier than the market and maintaining a cautious approach to reserving, as we always do. We continue to focus on good execution through the cycle. Our strong balance sheet and focus on profitability over growth puts us on a strong footing for when conditions improve.”

On Admiral’s growing customer numbers, she added: “It is pleasing to see the majority of our growth coming from more and more customers across all of our products and geographies choosing to stay with us. We are committed to delivering great service and to support all of our customers, including those who are experiencing financial difficulty.

“We have made good progress on our diversification strategy. More than half of our customer growth came from our new products and geographies, with UK Household up 18% and Admiral Money loans balances up by almost 70% whilst the business made

its first small profit. We now serve 1.9 million customers across our international businesses.

“I would like to thank all of my colleagues across the Group who make the business such a great place to work, and whose dedication and adaptability has enabled us to meet our 9 million customers’ needs during this period.”

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