

This announcement contains inside information.

11 October 2024

Saga plc

Saga and Ageas in exclusive negotiations over Insurance partnership and sale of Saga's Underwriting business

Saga Plc (**Saga** or the **Group**) is in exclusive negotiations with Ageas SA/NV (**Ageas**) to establish a 20-year partnership for motor and home insurance. Alongside this, Ageas would also acquire Saga's Insurance Underwriting business, Acromas Insurance Company Limited (**AICL**) (together, the **Proposed Transaction**).

The proposed partnership would leverage the strength of the Saga brand, Saga's marketing skills and customer base and Ageas's extensive and growing UK insurance operations. The two companies' combined knowledge and expertise in serving people over 50 is significant and the proposed partnership is designed to drive growth in Saga's motor and home insurance business, whilst continuing to provide excellent customer service. The proposed partnership would build on the existing relationship between Saga and Ageas UK, which is a member of Saga's panel of insurers.

Under the Proposed Transaction, Ageas (UK) Limited (**Ageas UK**), a subsidiary of Ageas, would enter a 20-year Affinity Partnership with Saga Services Limited (**SSL**), Saga's Insurance Broking business. Ageas UK would operate Saga's motor and home products which consisted of gross written premiums (**GWP**) in excess of £479m in the 12-month period ended 31 July 2024. SSL's existing partnerships with Collinson for travel insurance and Bupa for private medical insurance would be unaffected.

Strategic rationale

Saga, with its specialist role as a leading provider of products and services for people over 50, is committed to providing best-in-class products and services to its customers across all its businesses. Against this backdrop, Saga's Board has been exploring opportunities to optimise, with a partner, Saga's strategic position in Insurance. The Proposed Transaction is consistent with Saga's aim to move to a capital-light business model to support growth, crystallise value, reduce debt and enhance long-term returns for shareholders.

Proposed terms¹

Affinity Partnership

- The Affinity Partnership would be for a 20-year term, with the ambition to go live by the end of 2025.
- Ageas UK would pay Saga an upfront consideration of £80m, payable at or around the go live date.
- Additionally, Saga may receive contingent consideration of up to £30m in 2026 and up to £30m in 2032, subject to certain policy volume and profitability targets being met.
- SSL would receive commission on the GWP generated over the term of the Affinity Partnership representing the value that SSL will continue to provide through the Partnership.

Ageas's acquisition of AICL

- Ageas UK would acquire AICL for a total consideration of £67.5m, subject to customary completion adjustments.
- Completion of the AICL transaction is expected in Q2 2025 and is conditional on the signing of definitive transaction documentation and certain regulatory approvals.

¹ The consideration quoted represents gross proceeds, before transaction costs and items related to the Proposed Transaction

Mike Hazell, CEO of Saga plc, said:

"We are hugely excited at the opportunity to grow our home and motor Insurance business through this proposed partnership with Ageas. The coming together of Saga's fantastic brand and Ageas's unrivalled expertise in operating successful affinity insurance partnerships, would create a winning combination. Our joint reputation for delivering exceptional products and services to people over 50, means this partnership would allow us to serve even more customers with great products at excellent value.

"Saga is a unique business with a long heritage, great people and loyal customers. We have been clear for some time that developing a partnership approach is the right strategy, providing us with a capital-light route to growth and the ability to reduce debt, leading to the creation of long-term sustainable value for all our stakeholders."

Ant Middle, CEO of Ageas UK said:

"This proposed deal with Saga aligns perfectly with our strategy to profitably grow in UK personal lines and in creating powerful partnerships to the benefit of our customers. Deepening our relationship with Saga unlocks even more opportunity to increase our competitiveness in a rapidly expanding over-50s customer segment; an area where we already have real strength and expertise. It also draws on our technical and operational excellence, and customer care, providing more potential for us to leverage the significant investments made in our business over the last three years and offer our expertise in meeting the unique needs of Saga's customers."

Whilst Saga and Ageas are in exclusive negotiations, the Proposed Transaction remains subject to the parties agreeing binding documentation and there is, therefore, no certainty that it will occur. Saga expects that the Proposed Transaction would be a significant transaction for the purposes of the Listing Rules. A further announcement will be made in due course, as appropriate.

For further information, please contact:

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Notes to editors**Information on Saga**

Saga, created over 70 years ago, is a specialist in the provision of products and services for people over 50. The Saga brand is one of the most recognised and trusted in the UK. Saga is known for its high level of customer service and its high-quality, award-winning products and services including cruises and travel, insurance, personal finance and media. www.saga.co.uk

Information on SSL

SSL is Saga's Insurance Broking business, providing tailored insurance products and services, principally motor, home, private medical and travel insurance, to Saga customers. Its role is to price its policies, by sourcing the lowest risk price, whether through its panel of motor and home underwriters, which includes AICL, or through solus arrangements for private medical and travel insurance.

SSL generated £300.2m of GWP over the six-month period ended 31 July 2024 and had 1.4m policies in force at that date.

SSL is regulated by the Financial Conduct Authority.

Information on AICL

AICL is Saga's in-house underwriter, currently sitting on SSL's motor and home panels, competing for that business with other panel members on equal terms. For the six-month period ended 31 July 2024, AICL underwrote 62% of the motor and c.40% of the home policies sold by SSL and generated £102.0m of gross Insurance Underlying Revenue.

AICL had a Solvency II net asset value of £83.0m as of 31 January 2024.

AICL is incorporated in Gibraltar with a branch office in the UK and regulated by the Gibraltar Financial Services Commission.

Information on Ageas

Ageas is a listed international insurance group with a heritage spanning 200 years. It offers retail and business customers life and non-life insurance products and is also engaged in reinsurance activities. Ageas operates successful insurance businesses in Belgium, the UK, Portugal, Türkiye, China, Malaysia, India, Thailand, Vietnam, Laos, Cambodia, Singapore and the Philippines, through a combination of wholly owned subsidiaries and long-term partnerships with financial institutions and key distributors. Ageas ranks among the market leaders in the countries in which it operates. It has a staff force of about 44,000 people, and reported, annual inflows of more than EUR 17 billion.

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