ACROMAS
HOLDINGS LTD

28th July 2011

**Acromas publishes 2010/11 Annual Report: A Year of Investment**

Acromas, the company that owns the AA and Saga, made record investments during 2010 in its businesses. During the year the number of people employed grew by 1,500 people.

Andrew Goodsell, Chief Executive, said:

"This was a year in which we built for the future and another year in which we saw a robust trading performance.

We have taken the opportunity to use difficulties in the economy to position ourselves for future competitive advantage. To that end we have chosen to invest for growth rather than raising our EBITDA and have embarked on a circa £300m investment programme straddling our current financial year and the period being reported. All our investments have been made from the cash the business generates.

We achieved a very healthy 11.4% growth in turnover to £1.84 billion and our investment in the business will underpin our future growth in both turnover and EBITDA.

I am also pleased that during the year we increased our number of employees by 12% to over 14,000 people."

**2010-11 Financial Summary**

- Turnover of £1.84 billion (up 11.4%) representing growth across all major divisions of the Group
- Adjusted EBITDA of £570.1 million (down 1.4%), a result of concentrated investment in the business during the year
- Adjusted operating profit of £512.8 million (down 3.1%)
- Strong operating cash generation throughout the year of £646.7 million (up 11.7%) equating to 113.4% of EBITDA
- Record investment in the business of circa £300 million straddling the financial year including £60 million investment in a new ship and £12 million in BSM

**Operational highlights**

**Investment in the AA**

- Purchase of over 800 new vehicles.
- 250 qualified engineers employed in newly developed national automotive glass repair and replacement business.
- Launch of Home Emergency Response bringing the AA's solid reputation as the No 1. breakdown service into the home with forecast policy sales of circa 1 million by the end of the first year.

- Invested in the provision of new services for roadside members, including Fuel Assist, Key Assist and Battery Assist.
- Acquired British School of Motoring and paid off its debts, saving 3,000 jobs.

**Investment in Saga businesses**

- Acquired a new £60 million ship 'Saga Sapphire' for the Saga fleet, which after a major refit will become Saga's flagship in Spring 2012.
- Opened state-of-the-art 140, 000 sq ft purpose built mailing house, with 250 employees making it one of the largest employers in the North East.
- Bought new contact centre for up to 800 staff in Hastings.
- Expanded Saga Independent Living's domiciliary care business, acquiring operations across Southern England and South Wales.
- Post year-end completed acquisition of Nestor Healthcare.

Commenting on the Annual Review, Andrew Goodsell, chief executive, added:

"Saga and the AA now serve some 18 million customers with strong leadership positions in their markets, earning a tremendous sense of strong customer loyalty. Our strategy is to build on their leadership positions to offer our customers the best quality of products and services possible."

**-ENDS-**

**Acromas Holdings Ltd**

Acromas Holdings Ltd acquired the businesses of the AA and Saga on 18th September 2007. Its shareholders are its employees, and funds advised by Charterhouse Capital Partners, CVC Capital Partners and Permira Advisers.

**The AA**

The AA is the UK's leading breakdown service, serving 15 million members with more dedicated patrols than any other roadside assistance provider. The AA also offers financial services such as loans and motor and home insurance. The on-line route planner calculates more than three million routes per week. The AA is the largest independent travel publisher in the UK. www.theAA.com

**Saga**

Saga Group is the UK's leading provider of products and services specifically designed for people aged 50 and over. With 2.7 million customers, Saga provides insurance, savings, financial advice, care services, holidays, and publishes Saga Magazine. www.saga.co.uk

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