

ACROMAS

HOLDINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2009

COMPANY REGISTRATION NUMBER: 6252766



ANDREW GOODSSELL
CHIEF EXECUTIVE

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CHIEF EXECUTIVE'S REVIEW OF THE BUSINESS

A STRONG FIRST FULL YEAR IN A TOUGH ECONOMIC ENVIRONMENT

At the end of the first full year of trading for Acromas Holdings, I can report that our two iconic brands, Saga and the AA, have delivered a strong performance in what have been economically uncertain times. We have achieved sales of more than £1.6 billion. Our businesses now serve some 18.7 million customers and we have created almost 500 more jobs than a year ago - taking the total to more than 12,000 across AA and Saga.

I am pleased to report that Acromas achieved revenue growth of 4.4% based on prior year pro forma information, whilst EBITDA grew to £547.2 million, a 13% increase on the previous year. Trading in all our key markets has been strong as people look to trusted brands to provide the quality of service they expect at a price they can afford.

Our results show that we can trade well despite the failings in the wider economy. Although no business is recession proof, our chosen markets have proved to be recession resistant.

SHARING KNOWLEDGE AND INVESTING TO DELIVER EFFICIENCY AND EXCELLENCE

We continue to derive significant benefits from sharing expertise and systems across the group, creating greater efficiencies and delivering increased excellence to customers. For example, we have improved the AA's targeting of direct mail, replaced the AA's expensive legacy IT systems with Saga's more advanced, less costly and customer-centric system. We have also exploited economies of scale and procured a range of supplies and services more efficiently. Bringing in-house the AA's direct marketing was enabled by the investment in state-of-the-art equipment for MetroMail, our mailing house. This has both saved money and improved the quality of the AA's direct mail.

Additionally, we have invested in acquiring a new freehold office building in Folkestone to allow for the expansion of our modern call centre facilities.

ICONIC BRANDS, TRUSTED SERVICE

Our iconic brands are trusted; people know we will deliver and give excellent levels of service.

The results of the IPSOS Mori Corporate Image Survey show Saga and the AA share first place for 'customer favourability', while for 'treating customers fairly' Saga has retained its top spot with the AA joint second. For 'value for money' the AA is in second place and Saga third and Saga remains top for 'sending effective product and service information by post' with the AA third – up from twelfth place last year.

Exceptional service is at the heart of all our businesses and our 'moments of truth' customer surveys show that 96% of AA breakdown claims customers would recommend the AA as would 93% of the AA's motor and home insurance customers. Also, 99% of people making a motor claim with Saga said that staff made them feel like a valued customer.

For the second year running Which? Magazine has named the AA as the nation's best roadside recovery service, and it has been voted the most trusted breakdown provider by Reader's Digest. Doing things properly is core for Saga and so I was proud to see that Saga Services Limited has been recognised as 'Best Business for Customer Services' in a survey by the Institute of Customer Services.

A mark of the loyalty our brands engender is the Saga Magazine which is now Britain's most popular monthly subscription magazine that outsells its closest rival by over half a million copies a year.

IN THE COMMUNITY

Our businesses make a positive impact on the communities in which we operate. We have three main charities:

- i) The Saga Charitable Trust supports sustainable projects in developing countries that host Saga holidaymakers. This year we have funded a new nursery in South Africa, bought buffalo for community projects in Nepal and brought clean water to a Zambian village. Our ongoing commitments improve the lives of many thousands of people across the globe.
- ii) The Saga Respite for Carers Trust funds holidays for carers who have not been able to take a break away from their caring responsibilities and also pays for their loved-ones' respite care. In its first year of operation several thousand people visited the carers advice pages of the Saga website and many hundreds were nominated for an award. The first 60 carers have been selected and they and a friend are taking their much-deserved breaks in 2009.
- iii) The AA Charitable Trust for Road Safety and the Environment was launched in January. The first project is the "Drive Smart" scheme which provides 2,000 high-risk new drivers with free driver training sessions with the aim to make them safer and more fuel-efficient drivers.

OUR PEOPLE

Our strong financial performance is only possible because we attract and retain the right people. It is their commitment to deliver consistently good service for our customers that means we have a bright future. I would like to offer each and every one of our people my personal thanks for their hard work and dedication.

OUTLOOK

I believe that by maintaining our absolute focus on getting the basics right – the right products and excellent customer service – we will emerge stronger and better placed to capitalise on the upswing when it comes.

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