

Hastings Group Holdings plc

Trading update for the 3 months ended 31 March 2019

26 April 2019

Hastings Group Holdings plc ('the Group', or 'Hastings'), the technology driven insurance provider, today provides an update on its trading performance for the quarter ended 31 March 2019.

The Group has made positive progress delivering on its strategy, with policy count growth in a competitive market through improved retention rates. The tender of the Group's claims service partners has been successfully completed and further progress has been made on the programme of digital initiatives.

Financial and Operational review

- **Gross written premiums up 4% to £235.5m** for the 3 months ended 31 March 2019.
- **Live customer policies up 3% to 2.75 million**, in a competitive market environment.
- **Net revenue down by 1% to £183.1m** due to lower earn through of premiums and reinsurance income from 2018 relative to the equivalent period last year, which benefitted from favourable 2017 premium dynamics, offset by retail income which has grown in line with policy volume.
- **Claims inflation remains high across the industry**, with the main drivers continuing to be repair costs and further increases in third party property damage costs.
- **Material progress made in the transformation of repair and mobility services.** This will provide improved commercial terms, better customer experience and new digital functionality, with the appointment of Vizion Network, Enterprise Rent-A-Car and Autoglass BodyRepairs as our new claims service partners.
- **As a part of the Group's strategic initiatives, new renewal models were tested and rolled out in the 3 months ended 31 March 2019** which amongst other initiatives have increased retention rates by circa 4ppts.
- **Focus remains on delivering operational efficiencies** from the continued digitalisation of the business. Whilst we are starting to see the early sign of benefits, we anticipate that certain expenses in 2019 will increase compared to the prior year, due to recent changes in UK law restricting VAT recoveries and increases in both the Financial Services Compensation Scheme and Motor Insurers' Bureau industry underwriting levies.
- **The Group's digital and technology investments are delivering**, with the mobile app having been downloaded over 200,000 times, almost 35% of total loss claims now being settled digitally and more than 1.6 million policies on Guidewire.

Toby van der Meer, Chief Executive Officer of Hastings Group Holdings plc, commented:

"I am really pleased with the progress we have made towards the strategy and plans we set out with the full year 2018 results. We have clear areas of momentum that leave us very well positioned for ongoing profitable growth in 2020 and beyond. Alongside many other initiatives underway, our new claims supplier deals, increased customer retention and digital enhancements demonstrate the significant progress made in the first quarter of 2019.

"The motor market continued to be competitive in the first quarter of 2019, but as always, we will trade through this environment with discipline whilst remaining focused on the execution of our strategy.

"My continued thanks go to my 3,400 colleagues for what they do for each other and our customers every day."

Outlook

The Group continues to closely monitor market premium rate dynamics and claims inflation, and in particular third party property damage costs which remain high across the market. The Group's full year loss ratio outlook depends upon the market environment during the remainder of 2019. If the current market premium and claims dynamics continue through the year the Group loss ratio would be expected to move towards the higher end of the 75% to 79% target range.

In light of the good progress on key initiatives, including renewals, digital and the new claims service partners, as well as Hastings' strong capital position, the Board remains confident in the Group's profitable growth opportunities driven by its competitive advantages.

Group performance

	3 months ended		
	31 March 2019	31 March 2018	Growth
Gross written premiums (£m)	235.5	226.0	4%
Net revenue (£m)	183.1	184.5	(1)%

	As at		
	31 March 2019	31 March 2018	Growth
Live customer policies (million)	2.75	2.67	3%
UK Private car market share (%)	7.6%	7.4%	20 bps

For more information, please contact:

Hastings Group

Richard Hoskins

Chief Financial Officer

T: +44 (0)1424 738244 ir@hastingsplc.com

John Armstrong

Head of Investor Relations

T: +44 (0)1424 738244 ir@hastingsplc.com

Instinctif Partners

Tim Linacre/Lewis Hill

T: +44 (0)207 457 2020 hastings@instinctif.com

About Hastings

Founded in 1996 in Bexhill-on-Sea on the Sussex coast, the Hastings Group is one of the leading general insurance providers to the UK market, with 2.75 million live customer policies and employing over 3,400 colleagues at sites in Bexhill, Leicester, Gibraltar and London.

Hastings provides straightforward products and services to UK car, bike, van and home insurance customers with around 90% of policies directly underwritten by Group's Gibraltar based Underwriting business, Advantage Insurance Company Limited.

Hastings Direct is a trading name of Hastings Insurance Services Limited, the Group's UK broker, which also trades via 'Hastings Premier', 'Hastings Essential', 'Hastings Direct SmartMiles', 'People's Choice' and 'insurePink'.

The Group operates as an insurance provider with two separate businesses. The Group's Retail business, Hastings Insurance Services Limited, is responsible for the end customer pricing, fraud management, product design, distribution and management of the underlying customer relationships. The Group's Underwriting business, Advantage Insurance Company Limited, engages in risk selection, underlying technical pricing, reserving and claims handling.

Retail is supported by, and benefits from, Underwriting's prudent approach to risk and reserving and also benefits from a panel of insurance partners who provide additional underwriting capacity. The Group's integrated model deliberately separates underlying product manufacturing from its distribution.

Forward-looking statements

This trading update may contain forward-looking statements about current expectations, intentions or forecasts of future events, including statements about market trends and our strategy, investments, future operations, industry forecasts and regulatory framework. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as “anticipate”, “believe”, “continue”, “ongoing”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “target”, “seek” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled “Managing our risks” in our 2018 Annual Report. In addition, even if our actual results are consistent with the forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.