

## Hastings Group Holdings plc

### Trading update for the 9 months ended 30 September 2018

25 October 2018

Hastings Group Holdings plc ('the Group', or 'Hastings'), the technology driven insurance provider, today provides an update on its trading performance for the 9 months ended 30 September 2018.

Hastings has delivered another period of profitable trading with higher average premiums and continued net revenue growth. Customer numbers are 4% higher than the prior year and the Group continues to invest in its digital capabilities and future growth initiatives.

#### Trading highlights

- **Whilst market conditions have remained competitive during the third quarter**, with falling average market premiums, Hastings has maintained its commitment to underwriting discipline, resulting in average written premium inflation of 2% for the 9 months ended 30 September 2018. For the quarter, customer policy numbers were broadly flat, due to a combination of applying premium rate increases and the 0.5% growth in car customers being offset by a small reduction in home.
- **Live customer policies were 2.70 million** as at 30 September 2018, a 4% year on year increase.
- **Market share of UK private car insurance of 7.5%** as at 30 September 2018.
- **Gross written premiums up 5% to £955.0m** for the 12 months ended 30 September 2018 and up 3% to £738.5m for the 9 months ended 30 September 2018.
- **Net revenue increased by 9% to £751.3m** for the 12 months ended 30 September 2018 and increased by 7% to £574.1m for the 9 months ended 30 September 2018.

#### Operational highlights

- **Ongoing investment into the Group's technology programme**, including the continued successful rollout of Guidewire, additional investment in the Group's market leading anti-fraud capability and development of new underwriting and retail pricing models to support profitable growth in 2019 and beyond.
- **Lloyds Bank General Insurance, Integra and RSA have joined the Group's panel of home underwriters** whilst the Group continues rolling out its home underwriting proposition on a test and learn basis.
- **Became a founder member of the Smart Mobility Living Lab's three year shared research programme, alongside Aviva, BP and Honda.** The programme will develop, test and validate the impact of new road transport technologies, ensuring the Group is at the forefront of technological advancement.
- **The Group further enhanced its digital proposition**, rolling out mobile app and online portal enhancements for customers, and completed testing of a new digital claims notification system.
- **Continued investment in the Group's colleague agenda**, with improved shifts, additional wellbeing activities and strengthened diversity programme, including participation in the 30% Club mentorship scheme in support of senior management gender diversity.
- **Board strengthened through the appointment of Elizabeth G. Chambers** as an independent non-executive director.

## Group performance

	9 months ended			12 months ended		
	30 September 2018	30 September 2017	Growth	30 September 2018	30 September 2017	Growth
Gross written premiums (£m)	738.5	714.3	3%	955.0	910.5	5%
Net revenue (£m)	574.1	538.3	7%	751.3	688.3	9%

	As at		
	30 September 2018	30 September 2017	Growth
Live customer policies (million)	2.70	2.60	4%
UK Private car market share (%)	7.5%	7.2%	30 bps

## Outlook

The Group expects to maintain its disciplined pricing strategy in the ongoing competitive market that is likely to continue for the rest of the year. Despite the pricing actions taken during the year, claims inflation is expected to continue to exceed premium inflation and the Group's loss ratio for the full year is expected to be at the lower end of the target range of 75% to 79% and trend towards the middle of the target range for the year ending 31 December 2019.

The Group is confident of the underlying momentum of the business and continues to work towards its target of 3 million live customer policies during 2019 and ongoing growth beyond. This will be delivered through a combination of the launch of enhanced price comparison website pricing, additional anti-fraud capabilities, initiatives to enhance customer service and retention, the roll out of the new home panel and an enhancement of the direct and multi-car product offering. These growth initiatives will be enabled by investment in Guidewire and digital which are also expected to generate operational efficiencies.

Longer term, the Board and management remain confident in the Group's growth opportunities driven by its' competitive advantages of agile pricing, analytics and anti-fraud capabilities, combined with the ongoing investment in data and technology.

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

*"We have 2.7 million customers, an increase of 4% from last year, which we achieved whilst remaining true to our pricing discipline and increasing premiums in a competitive market."*

*"We remain well positioned in a very large market with 31 million cars on the road, growing consumer adoption of digital channels and continued media and regulatory focus on consumer switching."*

*"Our focus remains on continuing to profitably grow our successful, technology led business with sophisticated and disciplined pricing at its core. As always, my thanks go to my 3,300 colleagues for what they do for each other and our customers every day."*

**For more information, please contact:**

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## **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 2.7 million live customer policies and employing over 3,300 colleagues at sites in Bexhill, Leicester, Gibraltar and London.

Hastings provides refreshingly straightforward products and services to UK car, bike, van and home insurance customers with around 90% of policies directly underwritten by its Gibraltar based insurer, 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 integrated insurance provider with two 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 2017 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.