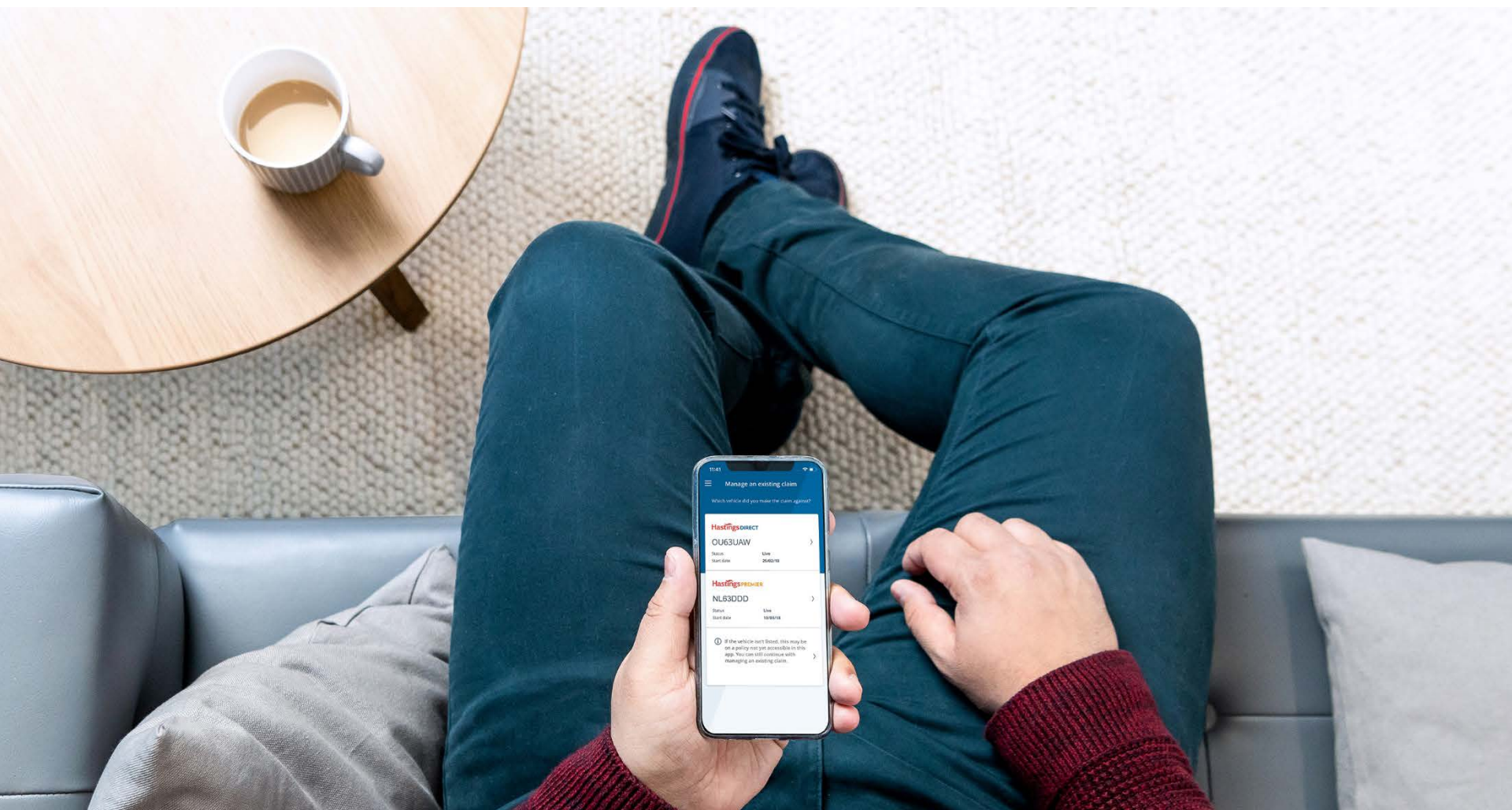


Half year results presentation



Cash offer and H1 results highlights Toby van der Meer	3
Group financials John Worth	8
Strategy progress Toby van der Meer	13
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Recommended cash offer to acquire the issued and to be issued share capital not already owned or controlled by Sampo and RMI at a cash value of 254.5 pence for each Hastings share

Offer

- The Independent Directors are pleased to announce that they have reached an agreement on the terms of a recommended cash offer
- Sampo and RMI to acquire the issued and to be issued share capital of Hastings not already owned or controlled by the Consortium

Terms

- Cash value of 254.5 pence for each Hastings share, comprising an offer price of 250.0 pence and the right for shareholders to retain an interim dividend of up to 4.5 pence per share
- Equates to a 47 per cent. premium to the closing price per Hasting share of 170 pence on 28 July 2020 (excluding the interim dividend)

Timetable

- Shareholder documentation is expected to follow within 28 days post the offer announcement
- The offer will be subject to regulatory and anti-trust conditions and therefore closing should be towards the end of 2020

1 Doing the right thing for our colleagues, customers and community

- Support measures and actions taken amounting to tens of millions of pounds
- Colleagues supported throughout the pandemic
- Significant customer actions, including fee waivers and premium reductions
- Community fund established and no Government support utilised

2 Resilient underlying business performance

- Live policies of 2.96m, up 5%, supported by higher retention rates and some improvement in new business competitiveness
- Reduced claims frequencies in Q2 due to COVID-19
- Adjusted operating profit of £78.3m
- Loss ratio of 75.6% with a reserving position that reflects increased uncertainty
- Stable net debt and pre-dividend Solvency II coverage ratio of 169%
- Strong group cash generation supporting a 4.5p interim dividend

3 Continued good progress on strategic initiatives

- Enhanced capability in pricing and anti-fraud
- Claims initiatives continue to be delivered
- Record level of digital adoption
- High colleague engagement, progress on diversity and environmental actions

Proactive steps being taken to support our 4Cs



Colleagues

- Colleagues working from home within weeks
- All colleagues retained and on 100% salaries, with no utilisation of job retention scheme
- Colleague hardship fund and wellbeing support



Customers

- Flexibility on payments to support customers in financial difficulty
- Additional support for NHS staff and care-workers
- Refunds offered to customers with lower mileage
- Some targeted and temporary price reductions
- Waiving of fees and charges



Community and wider economy

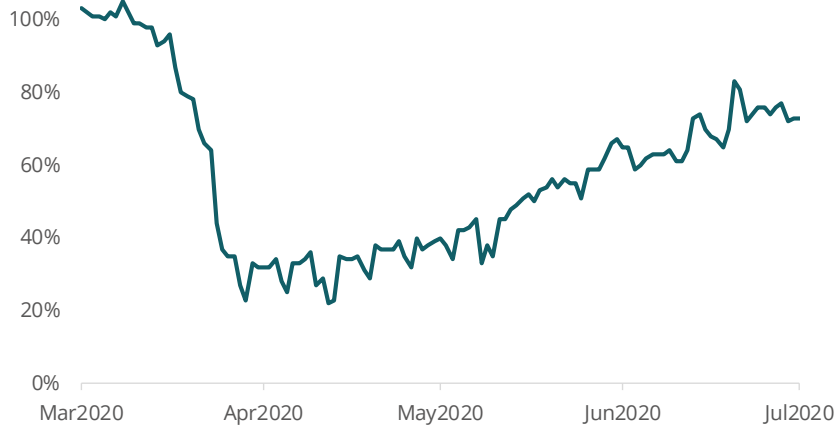
- Community fund supported 150 charities
- No Government support utilised



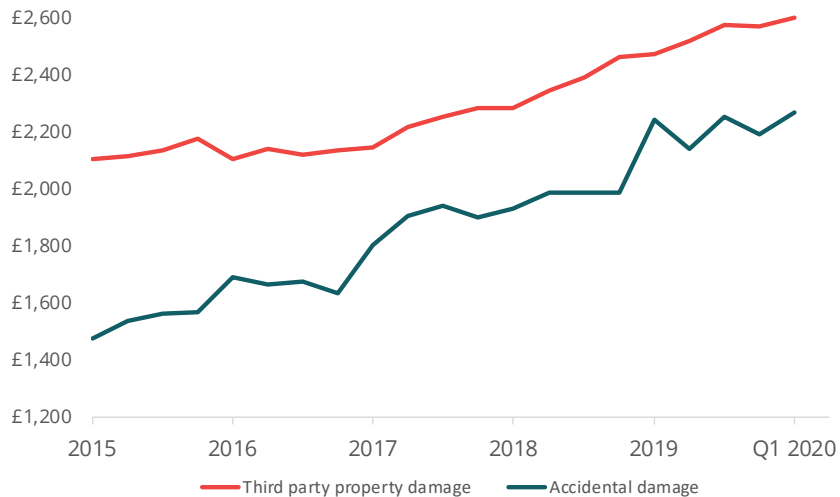
Company

- Strong IT and operational resilience
- Continued investment in strategic initiatives

Vehicle usage (Department For Transport)



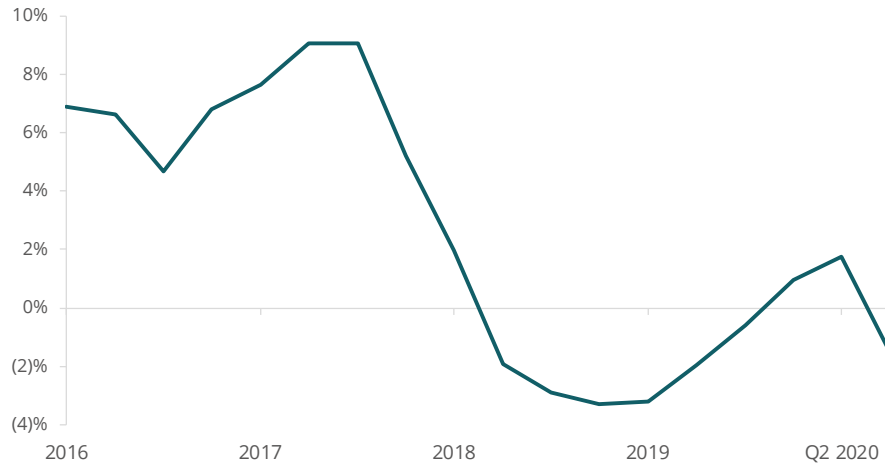
Market severities (ABI)



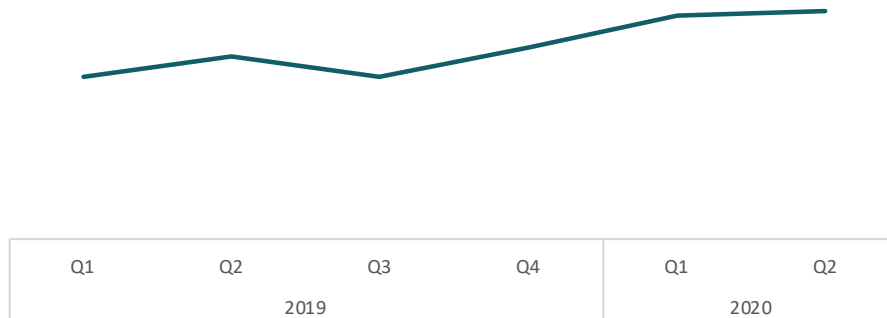
Claims trends influenced by COVID-19

- Reductions in miles driven leading to lower claims frequencies
- Frequencies increasing as lockdown eases
- Claims severities expected to continue to increase, driven in particular by:
 - Increased third party repair costs
 - Higher accidental damage repair costs including continued inflation of paint, parts and labour
 - Some disruption in repair networks
- Trends continue to be monitored closely

Market average written premium inflation (ABI)



Retention rate



Pricing discipline remains a priority

- Market price increases observed in Q1 2020
- Some reductions in Q2, in light of reduced claims frequencies
- Reported average premiums also impacted by a change in mix
- Reduced PCW quote volumes, but now returning to normal levels
- Policy growth driven by:
 - Higher customer retention from operational improvements and targeted temporary price reductions
 - Some improvement in new business competitiveness



Group financials

John Worth

£'m	HY 2020	HY 2019	%
Gross written premiums	514.9	499.2	3%
Net earned premiums	218.8	215.6	1%
Retail income	137.6	142.9	(4)%
Reinsurance and investment income	36.3	15.9	
Net revenue	392.7	374.4	5%
Net insurance claims	(165.5)	(170.6)	
Acquisition costs	(36.8)	(39.3)	} 10%
Other operating expenses	(112.1)	(96.4)	
Adjusted operating profit (before specific items)	78.3	68.1	15%
Ogden impact	-	(8.4)	
Adjusted operating profit	78.3	59.7	31%
Net income	55.7	39.3	42%
Profit after tax	54.8	38.2	43%
Adjusted EPS	8.4p	6.0p	40%

Disciplined growth

Gross written premiums

Reflects volume growth

Retail income

Reduction in fees and retail claims income due to COVID-19 and actions to support customers

Reinsurance and investment income

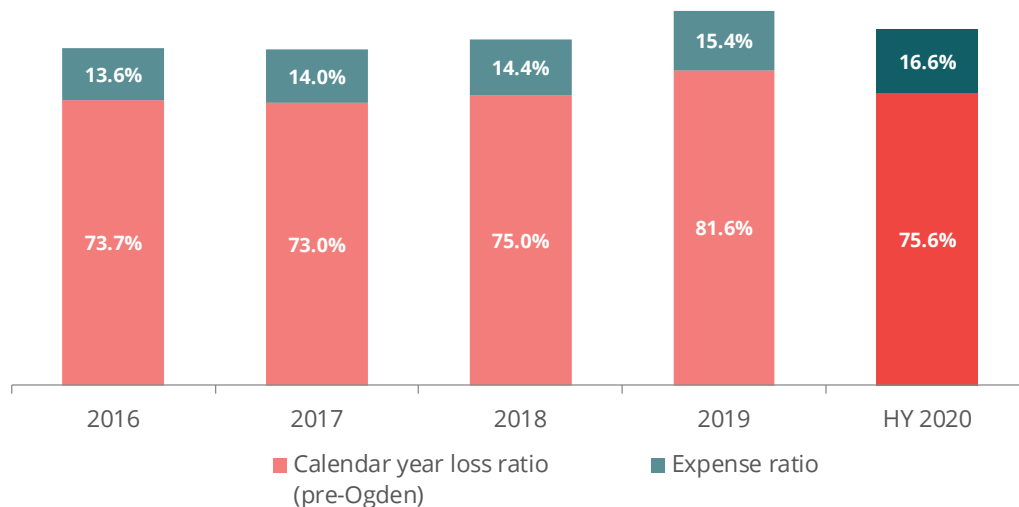
Reinsurance commissions benefit from reduced claims, with resilient investment income performance

Operating expenses

Increase due to COVID-19 actions and strategic investment

Net income

Reflects resilient operating performance



Loss ratio at the bottom of the range

Accident year loss ratio

Accident year loss ratio decreased to 76.4% (FY 2019: 81.8%)

Reductions in vehicle usage leading to reduced claims frequencies

Reserving position reflects increased uncertainty

Expense ratio

Increased underwriting levies and investment in claims management

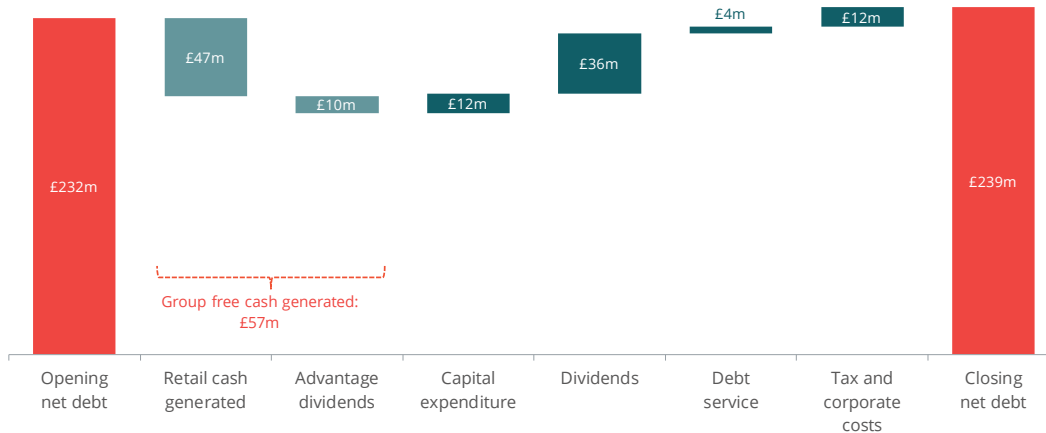
Average premium

Changes in risk mix in favour of renewals and lower risk customers

Calendar year loss ratio

	HY 2020	FY 2019
Accident year loss ratio	76.4%	81.8%
Prior year development	(0.8)%	(0.2)%
Calendar year loss ratio (pre-Ogden)	75.6%	81.6%
Ogden impact	-	1.0%
Calendar year loss ratio (post-Ogden)	75.6%	82.6%

Stable net debt



Stable net debt

Group free cash

Group cash generation of £57m, with £35m interim dividend expected from AICL in H2

Capital expenditure

Capex of £12m, reflecting ongoing investment in strategic initiatives

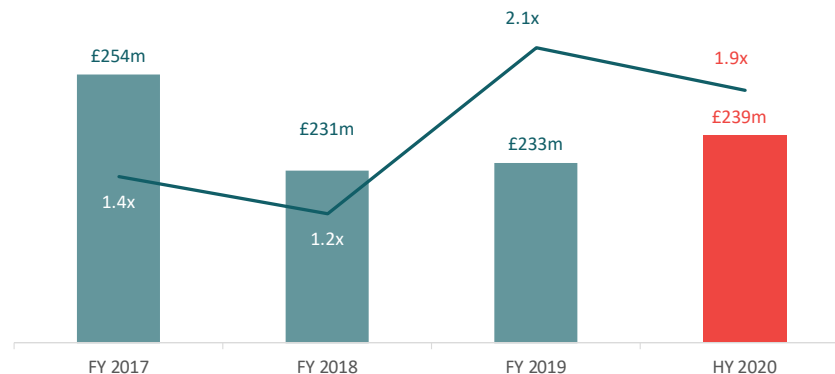
Dividend

5.5p per share final 2019 dividend paid

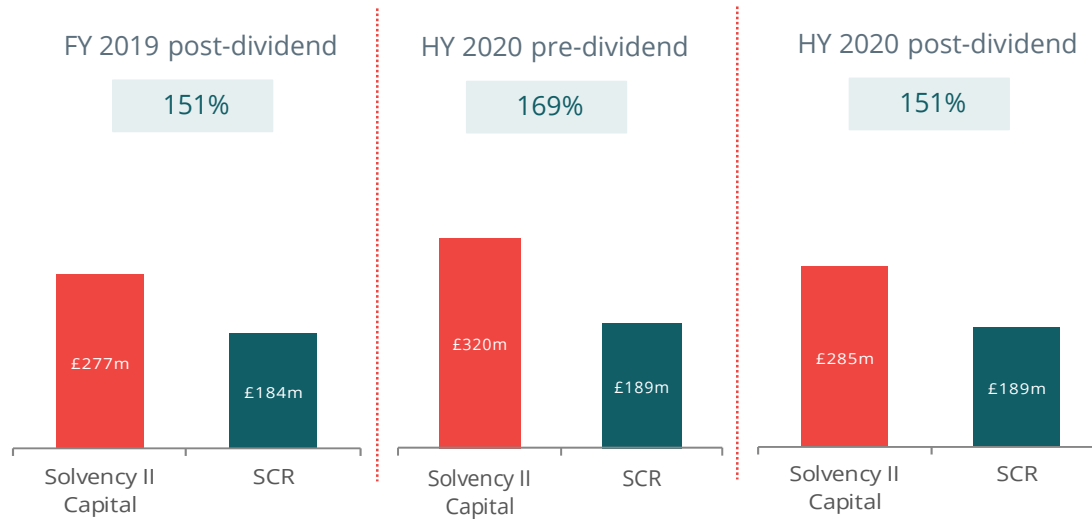
Leverage

Leverage multiple reduced to 1.9x, reflecting improved operating performance

Closing net debt



Solvency II coverage

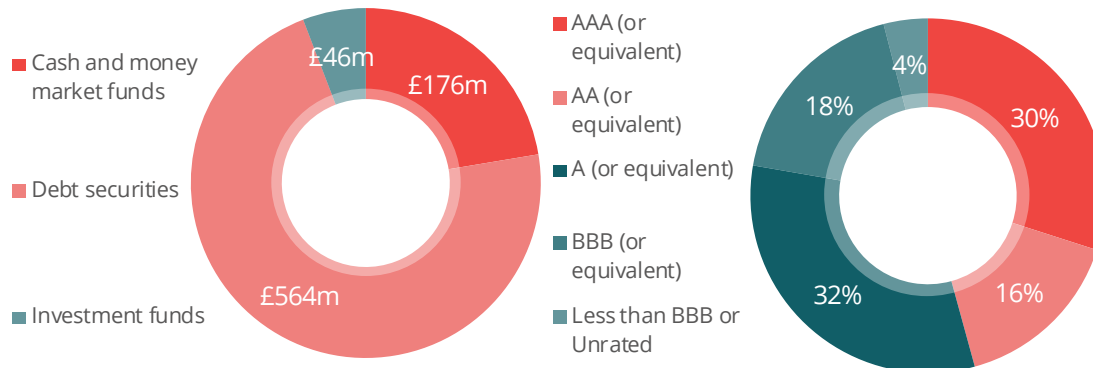


Strong Advantage capital position

Solvency II coverage ratio of 151%, post a £35m Advantage dividend (169% pre-dividend)

All Solvency II Own Funds comprise Tier 1 capital

Advantage investment portfolio



Low risk investment portfolio

Strongly rated portfolio with overall credit rating of AA-

Solid performance throughout COVID-19, with positive mark to market during H1 2020



Strategy progress

Toby van der Meer

Become the

Best and Biggest Digital Insurance Provider



A differentiated business model



Clear on where we want to be the best – with new investment



Targeting substantially and sustainably larger scale

Strong progress to date on strategic initiatives

Pricing, analytics and anti-fraud



Customer retention



Claims transformation



Digital and technology



Increased focus in 2020+

Home



New propositions



Underpinned by
Colleagues, Culture and focus on ESG

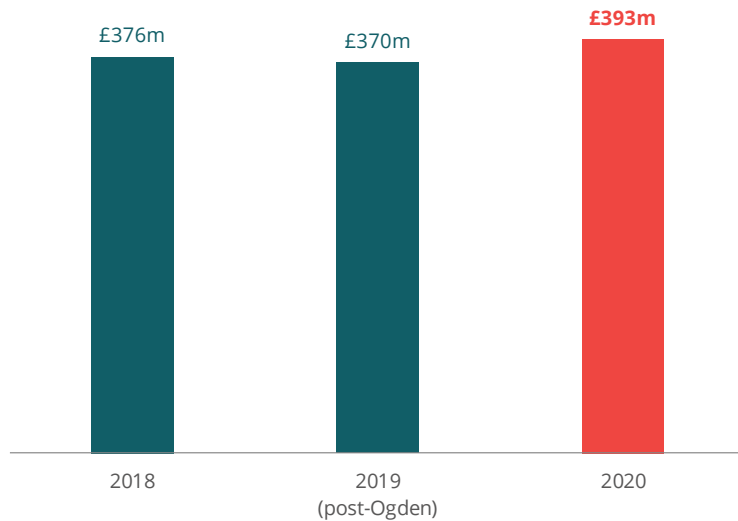
-
- 1 Doing the right thing for colleagues, customers and the community
 - 2 Disciplined pricing approach remains a priority
 - 3 Underlying business performance in line with expectations
 - 4 Good progress on initiatives
 - 5 Remain focussed on building the UK's best and biggest digital insurance provider



Q&A



Appendix



Net revenue stable

Net earned premiums

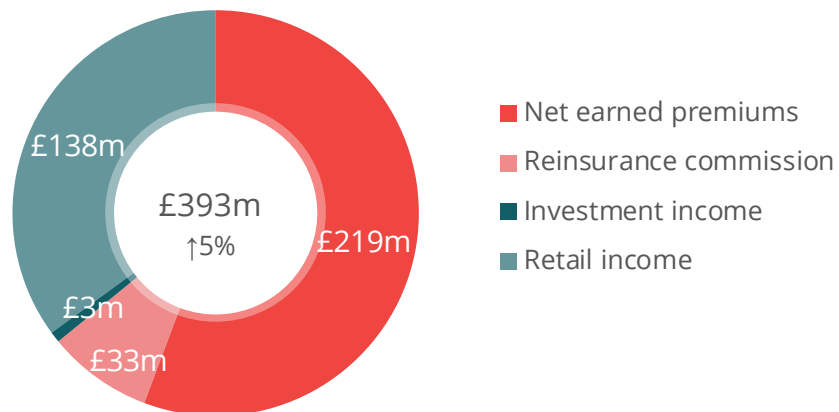
Increase driven by policy growth

Retail revenue

Reduction in fees and retail claims income due to COVID-19 and actions to support customers

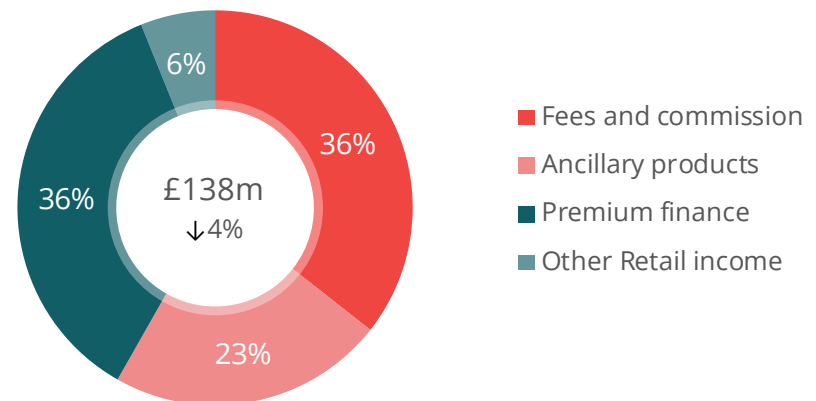
Net revenue breakdown

HY 2020

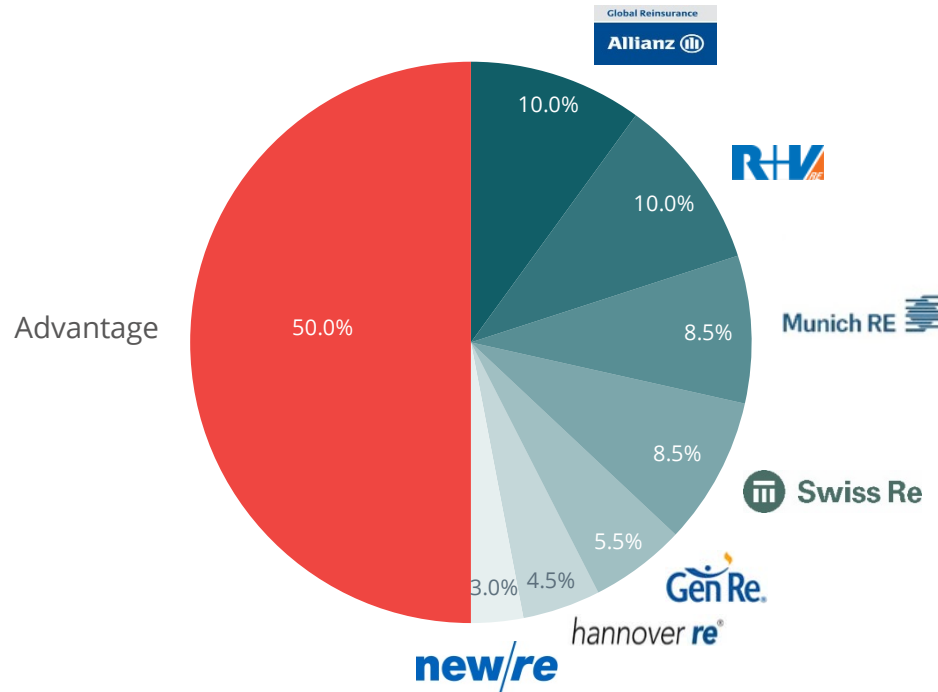


Retail revenue breakdown

HY 2020



Quota share (QS) reinsurance programme (2020)



Capital efficient reinsurance programme

QS contracts

All contracts placed on a continuous basis

Reinsurer margins on 2020 programme broadly maintained providing stability in overall cost of QS

Well diversified, high quality reinsurance panel, all rated AA- or above

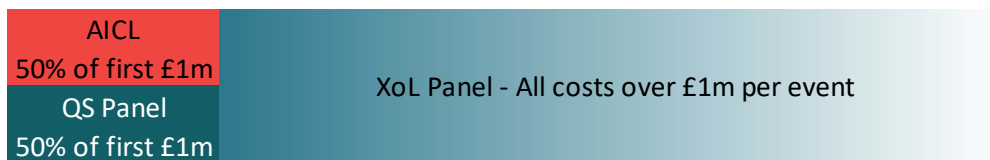
XoL

Unlimited XoL cover on a traditional programme basis

Maintained at historic levels, fully covering losses exceeding £1m per event

2 new reinsurers introduced into the 2020 programme

Excess of Loss (XoL) reinsurance programme (2020)



£'m	HY 2020	HY 2019
Adjusted operating profit (pre-Ogden)	78.3	68.1
Ogden impact	0.0	(8.4)
Adjusted operating profit	78.3	59.7
Operational amortisation and depreciation	(9.0)	(7.5)
Finance costs	(4.8)	(4.8)
Underlying profit before tax	64.5	47.4
Underlying taxation expense	(8.8)	(8.1)
Net income	55.7	39.3
Non-operational amortisation and other fair value adjustments	(1.0)	(1.3)
Tax effect of the above adjusting items	0.1	0.2
Profit after tax	54.8	38.2

£'m	HY 2020	HY 2019
Assets		
Goodwill	470.0	470.0
Intangible assets	92.9	81.6
Property and equipment	23.8	23.2
Deferred income tax asset	7.5	4.7
Reinsurance assets	1,372.0	1,350.0
Deferred acquisition costs	36.0	35.0
Insurance and other receivables	432.4	486.2
Prepayments	10.3	8.7
Current tax assets	5.4	-
Financial assets at fair value	610.2	567.5
Cash and cash equivalents	240.3	150.9
Total assets	3,300.8	3,177.8
Liabilities		
Loans and borrowings	245.8	244.8
Insurance contract liabilities	2,047.8	1,985.6
Deferred income tax liabilities	9.6	6.6
Current tax liabilities	-	8.5
Insurance and other payables	331.3	294.8
Total liabilities	2,634.5	2,540.3
Total equity	666.3	637.5

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