Capital Markets and Preliminary Results Presentation

Agenda

Lance Batchelor Chief Executive Officer	Strategic Change
James Quin Chief Financial Officer	Results
Gary Duggan CEO, Retail Insurance Broking	Retail Insurance Broking
Robin Shaw CEO, Travel	Travel
Stuart Beamish Chief Customer Officer	Brand and Membership
James Quin Chief Financial Officer	Financial Implications of Strategic Change
Lance Batchelor Chief Executive Officer	Summary & Q&A

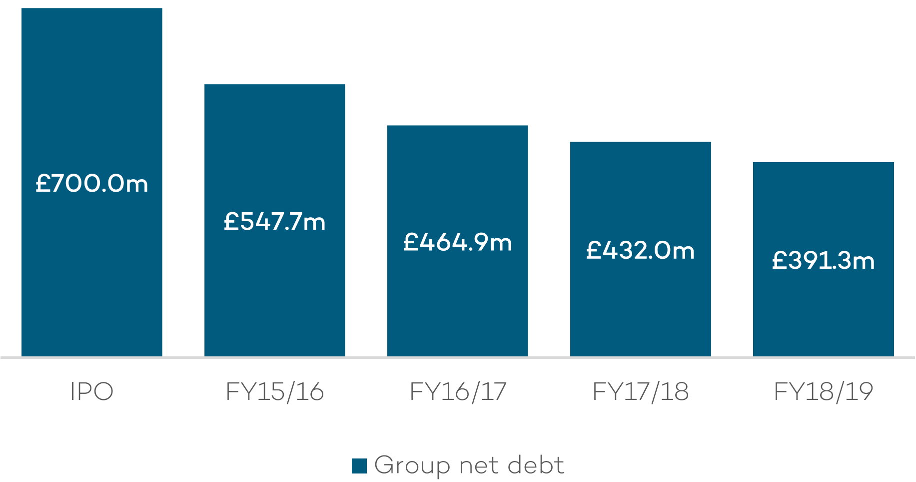
Strategic Change

Lance Batchelor
Chief Executive Officer

Background to Strategic Change

Positioned to support change – reduced debt and a more efficient operating model

Reduced our debt



- The Group is cash generative with net debt falling from £700m at IPO to less than £400m

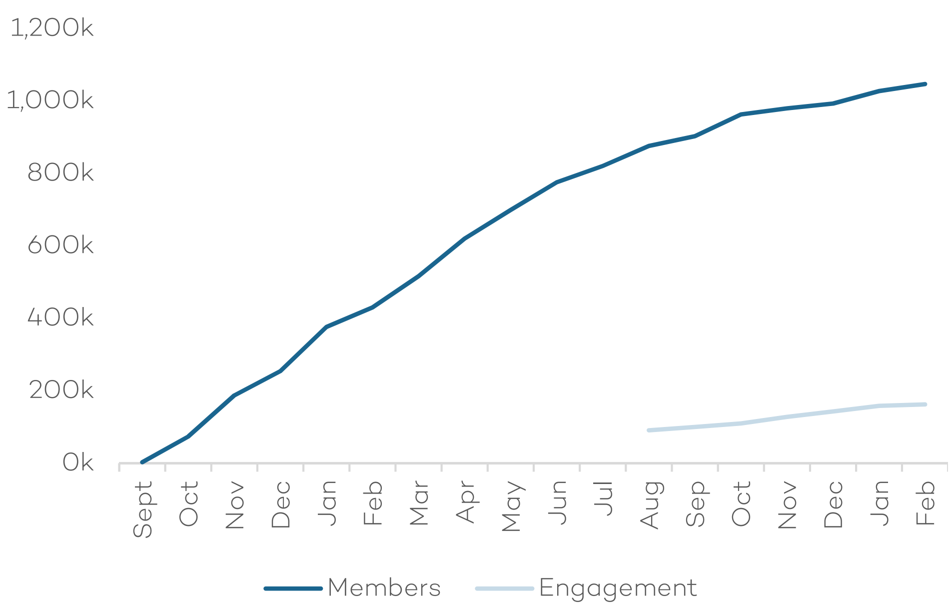
Delivered on our technology investments

GUIDEWIRE	Retail broking platform live for Motor H1 2018
Adobe Marketing Cloud	Adobe Marketing Cloud live 2017
tigerbay	Travel reservation platform live in Titan H1 2019

- Significant investment in technology platforms is advanced
- Motor panel expanded to 30% share of new business
- Reduced our cost base by £10m

Positioned to support change – over 1 million members and Cruise on track

Over half of customers are now members



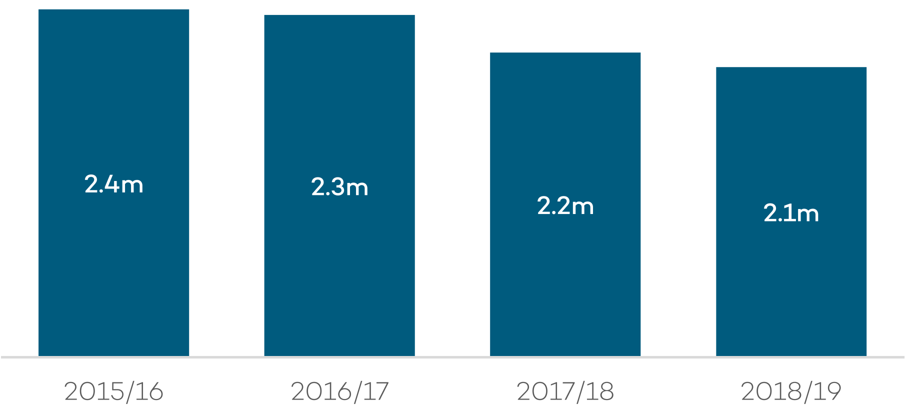
- Our membership scheme now has over 1m members, with 180k engaged

Cruise on track

- The renewal of our shipping fleet continues to be on time and budget. The first ship, Spirit of Discovery, arrives in June 2019

Reasons for change – a focus on short-term profitability will not deliver growth

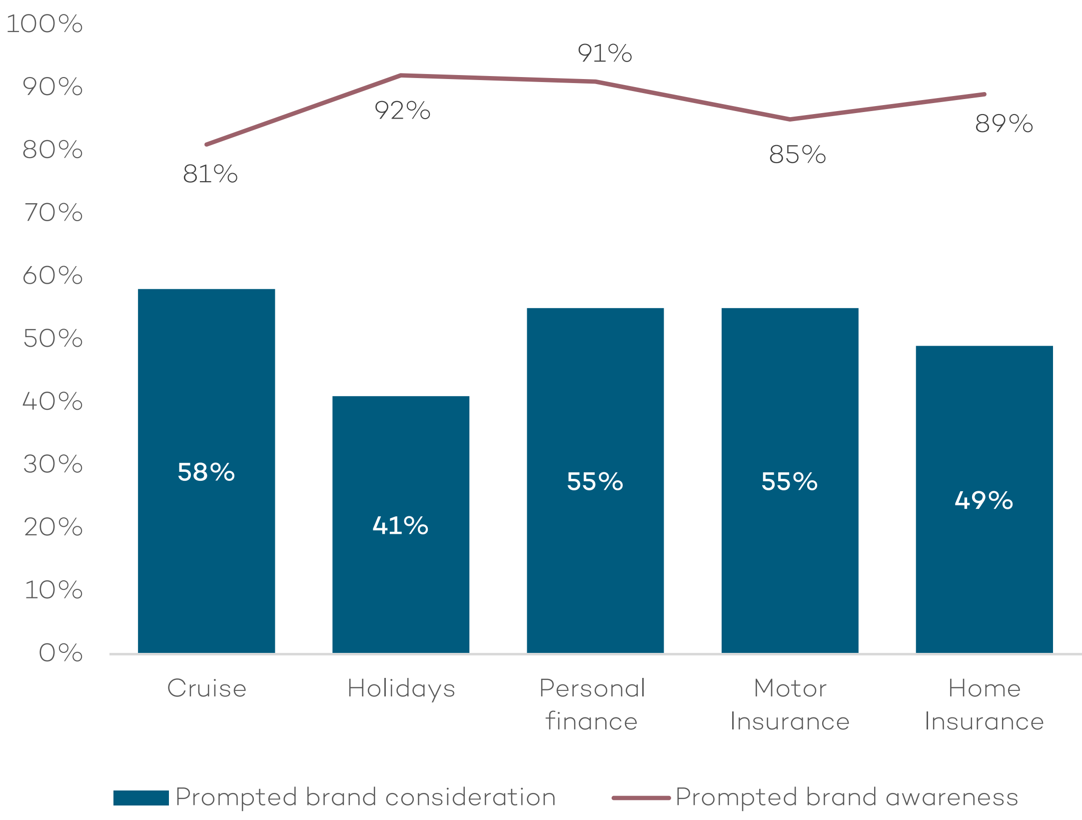
Product holdings have declined despite growth in our target demographic



High margins per customer have led to stable profits

Reasons for change - we have a strong brand but consideration is too low

Brand awareness vs consideration

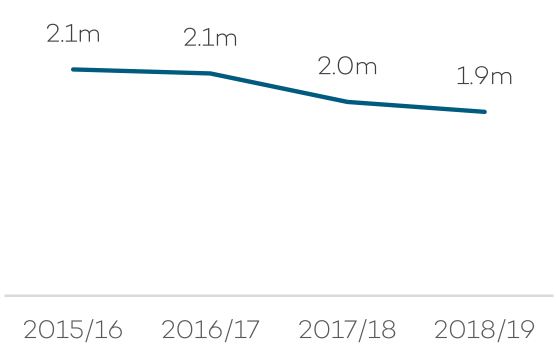


- We have an exceptionally high level of prompted brand awareness: 87%
- For many of our customers, this translates to strong brand affinity, trust in our products and a high level of repeat bookings in Travel, and retention in Insurance
- However we need to become more top of mind to be actively considered by more of our target market

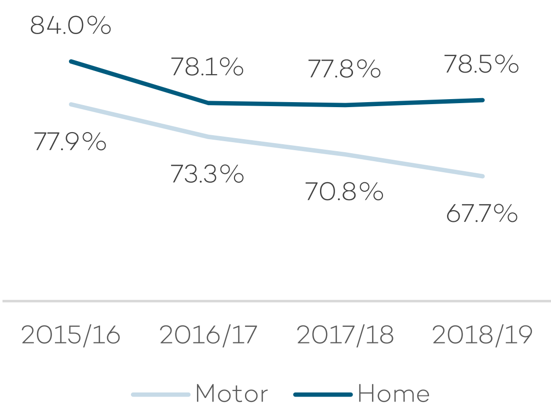
Reasons for change – Retail Broking

- Strong core: profitable business, good customer service, and high levels of loyal customers who typically have come to Saga on a direct basis
- However, the business has been overly reliant on traditional direct marketing, while also focused on the short-term; not optimised for aggregator distribution but without a compelling direct proposition
- The end result has been declining policies, at a time when our demographic is growing; and in the most recent year, falling margins
- We anticipate the industry will rethink its approach to renewal pricing, a further catalyst for change

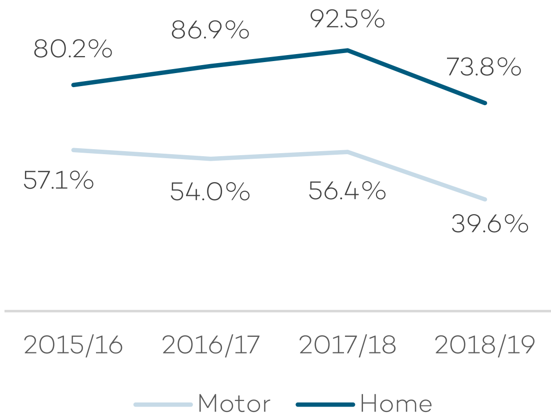
Saga branded Home & Motor policies



Retention rates



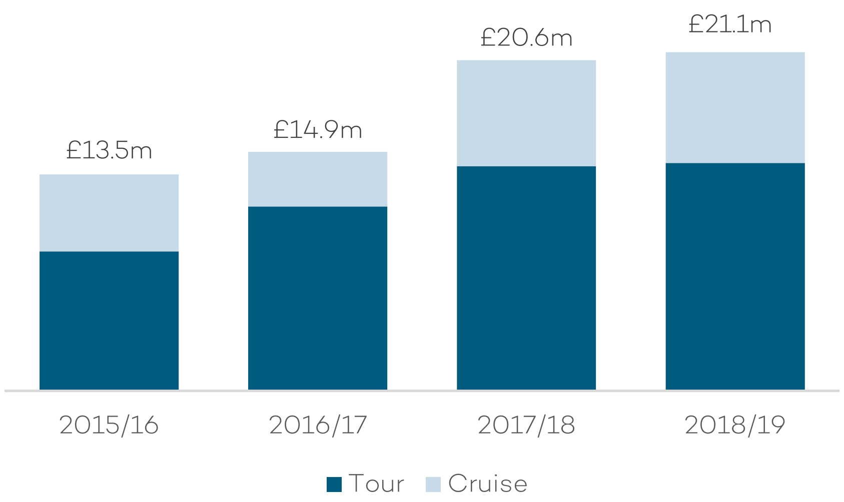
Direct new business volumes



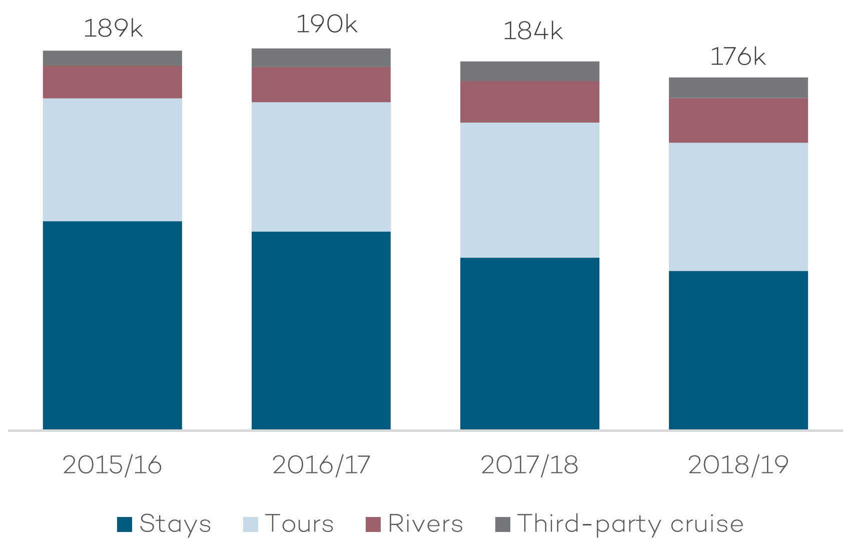
Reasons for accelerating change – Travel

- Saga's award winning Cruise offering is highly differentiated, great value and is growing
- Saga has reduced its exposure to the commoditised end of the market but needs to increase differentiation elsewhere
- Improved profit margins on the back of mix shift and efficiencies but remain below that of a specialist travel company

Travel Underlying PBT



Tour passengers



New strategy to refocus Saga on our heritage as a direct to consumer brand with membership at its core

Launching a major change programme across the group…

- Relaunch of Insurance with a strong direct proposition. The first step is to launch our highly differentiated three year fixed price product
- Renewal pricing to encourage loyalty
- Accelerate the transformation of our Tour business
- Next phase for Possibilities, to create a great proposition and drive high levels of customer engagement to grow members, retention and multi-product holdings

Whilst continuing to…

- Execute successfully on cruise transformation
- Implement and scale technology investments
- Improve efficiency to hold costs flat

Membership will support growth

Putting Membership at the centre of the business

- Over the next 3 years, we will increasingly put Membership at the centre of the business
- Membership will become a strong route to the customer
- The focus will be on:

Strengthen the proposition	Grow membership numbers	Increase member engagement	Increase retention and cross-sell

Rebasing earnings expectations, but creating a platform to grow profits and cash

Platform for growth from the 2019/20 level

- Underlying PBT for 2019/20 expected to be between £105m-£120m
- Significant upside from new strategy for Retail Broking and Tour Ops transformation, and continued execution of Cruise strategy
- Solid financial position and strong cash generation support sustainable dividends while also funding rapid de-leveraging

Increase Retail Broking PBT by at least £20m

Underwriting COR of ~97%

Travel PBT of between £60m-£75m by 2021/22

Financials

James Quin
Chief Financial Officer

Key messages

- Retail Broking profits reduced due to lower margin new business, as well as a decline in the size of the renewal book
- Reduced future earnings expectations for Retail Broking leads to goodwill impairment of £310m; prudent accounting approach, excluding benefits of new strategy
- Very good Underwriting results due to exceptional reserve releases; excess returns unlikely to continue, we expect to trend to a reported combined ratio of around 97% in the next few years
- Travel earnings in line with expectations; 2019/20 booked revenues for Tour Ops down 3% in line with tough market, but Cruise remains on track
- Good cost control, with actual expense reduction of £10m meeting our target
- Despite challenges, the business remains very profitable and cash conversion is good

Group results

	2018/19	2017/18	
Customer spend	**£1,210.1m**	£1,208.8m	+0.1%
Revenue	**£841.5m**	£860.3m	(2.2%)
Underlying PBT	**£180.3m**	£190.6m	(5.4%)
(Loss)/profit before tax	**£(134.6)m**	£180.9m	(>100%)
Debt ratio	**1.7x**	1.7x	-
Dividend	**4.0p**	9.0p	(55.6%)

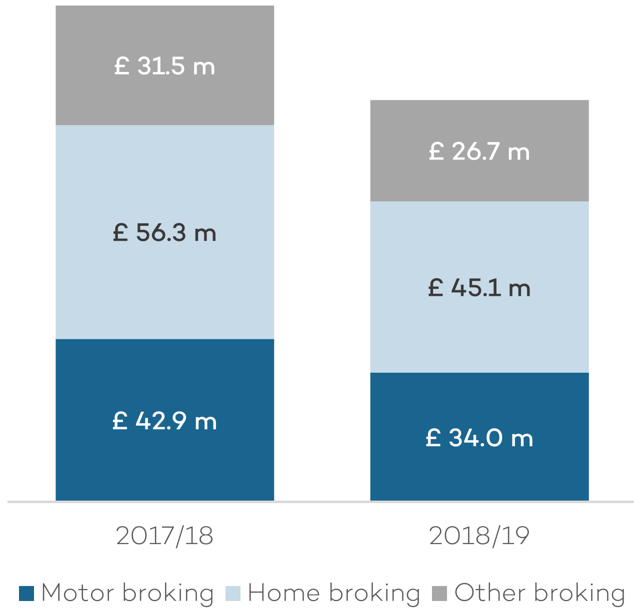
- Underlying PBT in line with previously issued guidance, albeit with different mix to expected
- Strong cash generation with available operating cash flow representing 78% of Trading EBITDA
- Net Debt decreased by £41m
- Reduction in future Retail Broking earnings expectations has two immediate consequences:
  I. Reduction in the final dividend to 1.0p
  II. Impairment of Insurance goodwill of £310m

Divisional results

Underlying PBT

	2018/19	2017/18	
Retail Broking	**£105.8m**	£130.7m	(19.1%)
Underwriting	**£86.7m**	£79.3m	+9.3%
Insurance	**£192.5m**	£210.0m	(8.3%)
Travel	**£21.1m**	£20.6m	+2.4%
EB	**£3.1m**	£0.8m	>100%
CC	**£(36.4)m**	£(40.8)m	+10.8%

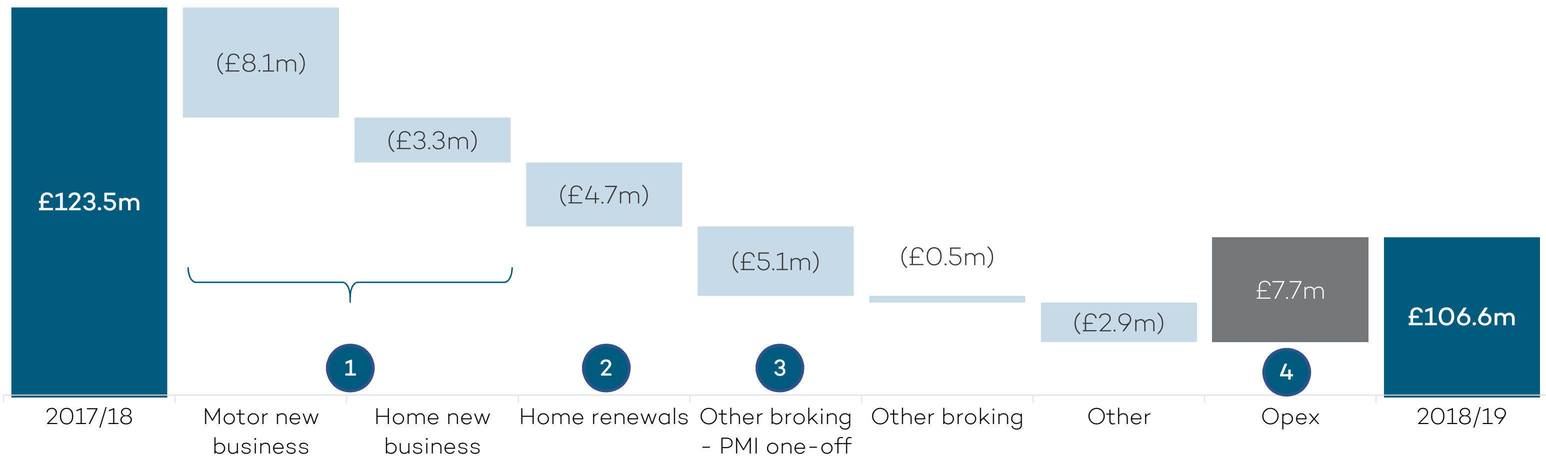
Retail Broking profitability under pressure



- Retail Broking Underlying PBT reduced by £25m, mainly due to lower new business profitability and one-off PMI costs, partially offset by reduced expenses
- Underwriting profitability benefitted from an exceptional level of reserve releases
- Travel earnings up by 2.4% due to an increase in Cruise passenger days
- EB&CC change mainly due to one-off charges in the prior year and one-off gain in 2018/19

Explaining 2018/19 results in Retail Broking

Year-on-year movements in Retail Broking Underlying PBT, Written Basis



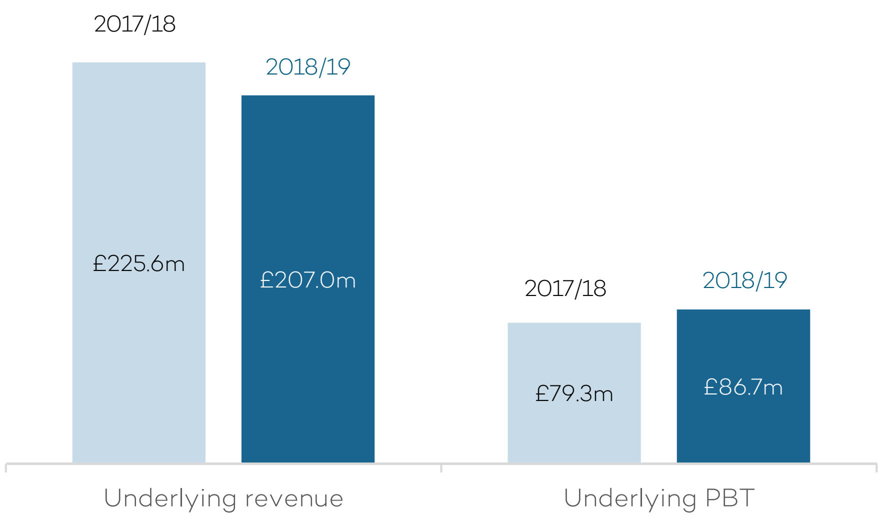
1. Decline in new business profitability due to reduced pricing, increased volumes from PCWs and higher direct acquisition costs, as the Group consciously sought to stabilise the policy count
2. Reduction in home renewal profits due to a decline in the size of the renewal book
3. Recognition of a one-off provision in other broking in relation to prior year claims experience on PMI
4. Savings in operating expenses due to headcount efficiencies, partly resulting from the implementation of Guidewire for motor

Reduced Broking expectations leads to £310m impairment of Insurance goodwill

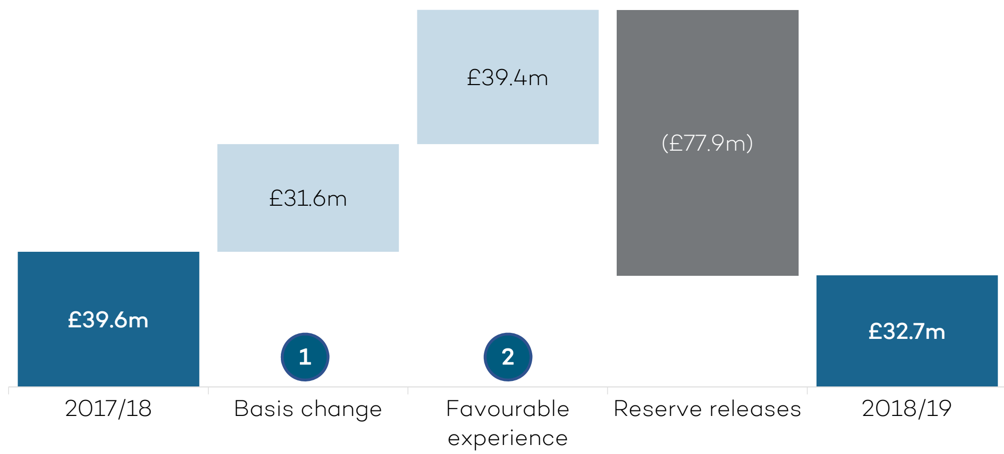
- Various factors are likely to continue to put pressure on Retail Broking earnings:
  - Reduced new business margins in 2018/19 will lead to reduced renewal margins in future years
  - Ongoing challenge in sourcing business from traditional low-cost direct marketing activities
  - Anticipated change in approach to renewal pricing
- These factors are expected to reduce profitability in 2019/20 by around £15m-£25m compared to the 2018/19 level, with a further adverse impact of around £10m in 2020/21
- Updated forecasts represent a significant reduction compared to previous internal plans, leading the Group to impair insurance goodwill by £310m
- The goodwill impairment is not related to AICL; while Underwriting earnings are expected to decline, this was largely anticipated in previous plans
- As required by accounting standards, expected benefits from the Retail Broking strategy relaunch are excluded from the goodwill impairment analysis

Explaining the reasons for high reserve releases in Underwriting

Significant contribution from Underwriting



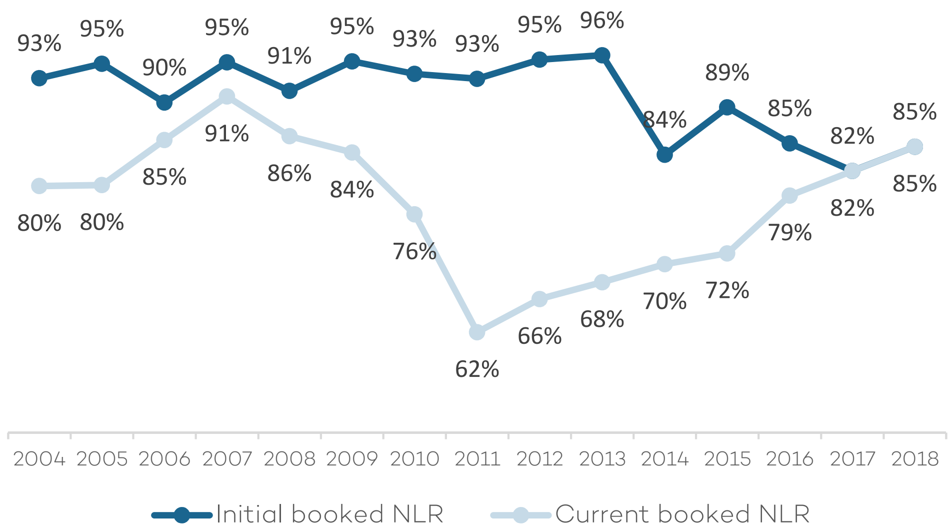
YOY movement in reserve margin



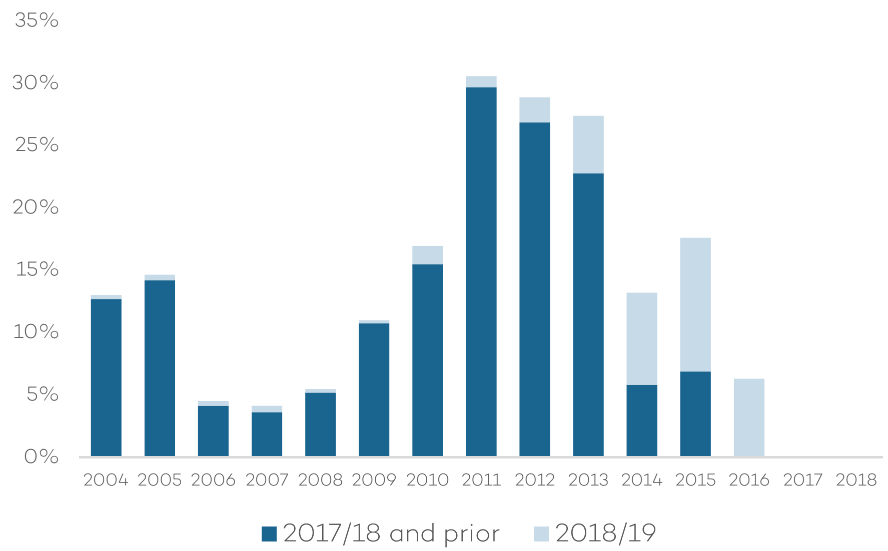
- Underlying revenue decreased 8%, due to third party underwriters increasing panel share and run-off of small products
- Underlying PBT increased 9% due to exceptional reserve releases of £78m (2017/18: £60m)
- Movement in reserve margin due to:
  1. One-off recognition of improved development patterns within actuarial 'best estimate' reserving methodology
  2. Favourable claims development on small and large PI relative to very prudent initial loss picks, and also due to favourable in-year experience

Benign claims trends now largely reflected in pricing and reserving

Initial vs current loss ratio (Gross QS, Net XoL), Saga motor



Source of reserve releases in 2018/19 financial year

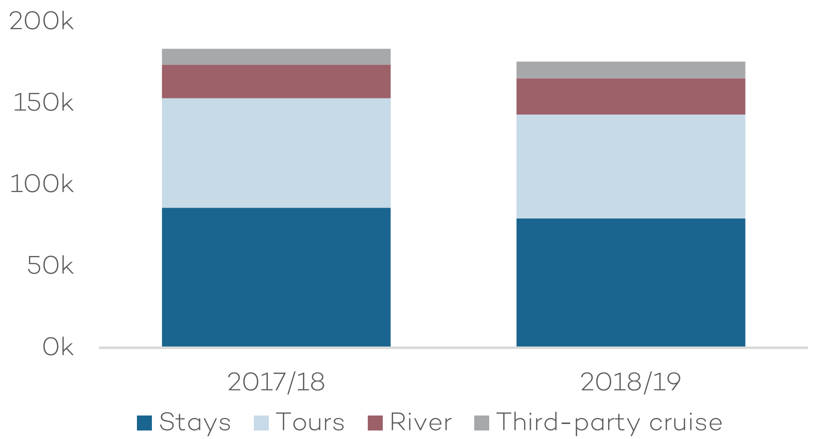


- Prudent initial loss picks on older accident years, coupled with benign large and attritional claims experience, has supported a very high level of reserve releases
- Good attritional claims experience – due to LASPO reforms in 2013, fraud controls and strong claims handling – has supported price reductions, particularly in the last two years, with developing experience also reflected in best estimate reserving
- Best estimate reserves for recent years may develop favourably but are unlikely to improve to 2011-2015 levels; 'underlying' profitability now more in line with target 3% return
- As a result, the reported combined ratio is expected to trend to ~97%, including reserve releases

Solid Travel results, Cruise bookings on track

	2018/19	2017/18	
Revenue	**£457.4m**	£448.7m	+1.9%
Gross profit	**£93.3m**	£92.9m	+0.5%
Underlying PBT	**£21.1m**	£20.6m	+2.4%
No. of holiday passengers	**176k**	184k	(4.3)%
No. of cruise passengers	**26k**	24k	+8.3%

Tour passengers by product mix



Tour Operations

- 'Stays' business under pressure but tours, rivers and third party cruise more resilient
- Benefits of product mix shift reflected in 4.6% increase in ASP and 5.3% increase in gross margin per passenger

Cruise

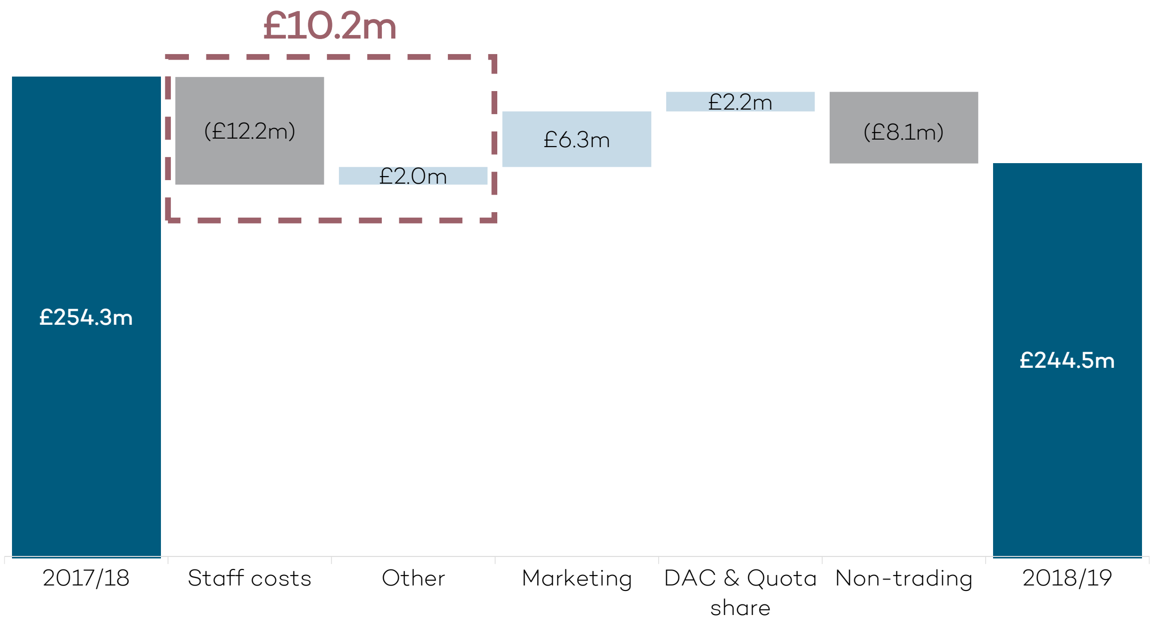
- Revenue +9.5% due to fewer dock days and strong demand for final season of Pearl II
- Underlying PBT +6.2% to £6.9m driven by cost savings partially offset by investment in marketing for our two new ships

Current trading

- Tour Operations booked revenue for 2019/20 down by 3% compared to the prior year, in part due to Brexit uncertainty
- Bookings for our two new ships remain on track

Cost reduction target achieved

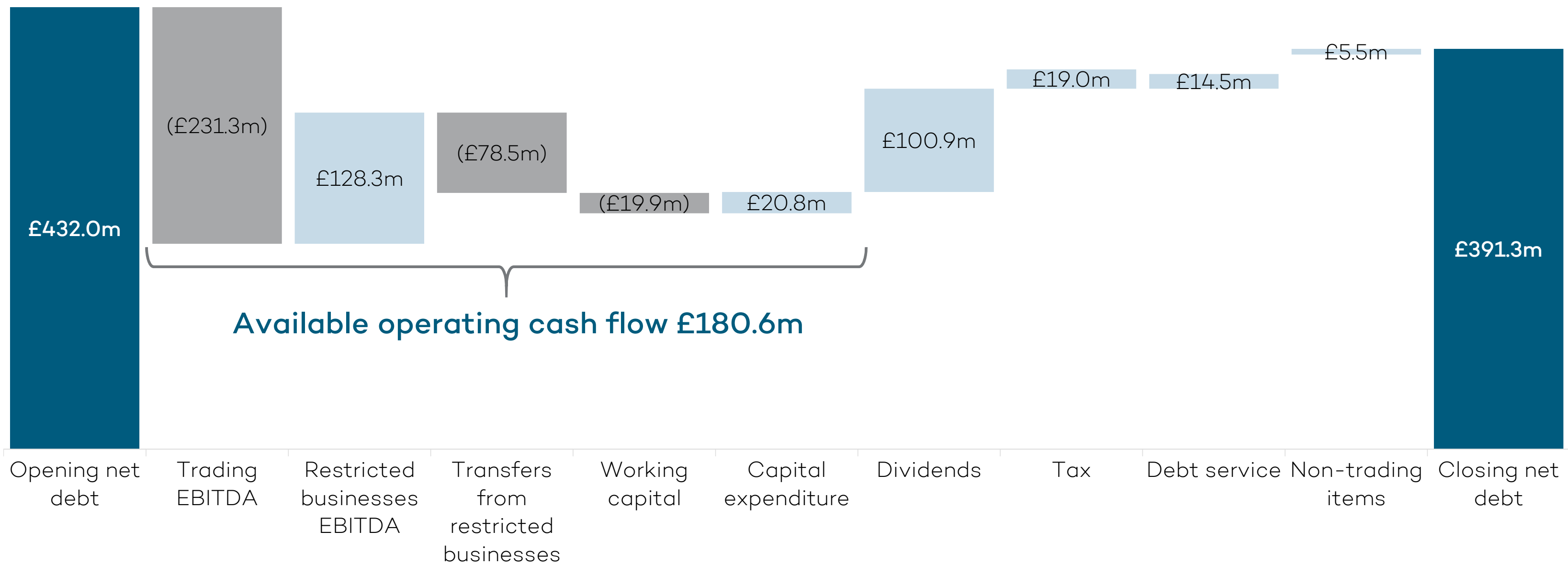
Continued focus on costs delivered £10m of efficiency savings



- Staff costs have reduced by £12.2m due to:
  - cost savings exercise completed in December 2017
  - efficiencies from Guidewire
- As guided we have increased our marketing budget to support the stabilisation of customer numbers
- Non-trading costs relate to restructuring costs in 2017 and the impairment of the Tilney JV

Continued strong cash generation

Saga's business model remains highly cash generative



- Available operating cash flow increased 3% to £181m (2018: £176m)
- Roughly 80% conversion of EBITDA to cash
- Transfers from restricted businesses include AICL dividends of £85m, offset by £6.5m subordinated loan to Travel; further £25m cash injection in February 2019

Retail Insurance Broking Strategy

Gary Duggan
CEO Retail Broking

Key messages

- The insurance industry is undergoing significant change and we anticipate that it will rethink its pricing models – this provides a catalyst for change
- Saga has been very focussed on the short term, relying on traditional direct marketing but with undifferentiated products
- Consequently, there has been a decline in policy numbers, retention and margins
- However, Saga continues to have a profitable insurance business
- New strategy is a fundamental change and takes us back to our heritage: Growing Direct, launching disruptive propositions and rewarding loyalty
- Further opportunity to enhance competitive footprint and improve efficiency

We are experiencing a substantial change in the market dynamics

An ageing population

The number of people aged 50+ is growing rapidly

Increased PCW use but renaissance in direct

Usage of Price Comparison Websites (PCWs) is growing but evidence of consumers increasingly looking for products that provide added value

Technological disruption

Technology is disrupting the traditional model, with online policy administration becoming a standard feature

Increased regulation

Regulatory intervention has stepped up, and mounting political pressure to minimise dual-pricing resulted in the FCA Market study

Declining profits and policies highlight the reasons why we need to change

Low brand consideration	Smaller marketable database	Historic short term focus on PBT	Lack of product differentiation
As well as declining market share and an ageing book	Impacting ability to drive sales direct through most profitable channel	Has led to narrowcast communications approach	Has led to a reliance on discounts and price to convert customers and PCW channel for growth

Whilst recognising the challenges above, we have a foundation for growth, utilising:

- Loyal direct customer base and good customer service
- Proven track record in direct marketing and a well known brand
- New technology and an expanding footprint; and
- Emerging opportunities arising from Saga Membership

But our response to the challenge requires a fundamental shift in our operating model

To grow direct we must...

Develop distinct, targeted propositions...

...that will give Saga a voice in the competitive direct marketplace

Build greater brand salience...

...and reduce the volume of Saga brand rejectors

Become more efficient...

...by widening our competitive footprint and increasing revenue from the feature rich new products

Growing Direct - moving away from a "one size fits all" approach

Membership will provide all insurance customers with exclusive benefits only available through Saga

Objective	Winning more business **direct**	Using **PCWs** to supplement direct
Proposition	**Saga Insurance** Feature led proposition, including fixed price and differentiated service elements	**Saga Essential Insurance** Competitively priced digital first proposition
Opportunity	Growth opportunity in our core segments	Growth opportunity in our growth segments

upsell at renewal

Growing Direct - three year price feature will lead a change in the conversation

- Our **three year fixed price promise** will be a feature of our new direct only products
- **Customers can 'fix'** their price for three years (subject to claims and IPT)
- We've been **successfully testing and iterating the proposition since October 2018** selling over **5,000** policies
- **Over 60%** of new customers who were offered the 3 year price promise during customer trials accepted it rather than our standard variable pricing
- On the **25th March 2019 we launched our new direct home insurance product** including fixed price as standard
- **In April we will launch our new direct car insurance product** with fixed price included

Saga's new 3-year Price Promise...

...now included with our Home and Car Insurance.
So, if nothing changes over the next three years, neither will the cost of your policy.

SAGA keep doing

Customer feedback on our price promise...

"You are finally respecting loyalty...rather than favouring new customers"

"This is UNIQUE!"

"The price guarantee...was a deciding factor"

Growing Direct - new propositions will stand out in a commoditised market

Home Insurance

Feature	PCW Home Essentials	New Direct Home Insurance
5* Defaqto core cover	Included	**Included**
Accidental Damage	Optional	**Included**
Possessions away from home	Optional	**Included**
Matching pairs and sets	X	**Included**
Pet damage	X	**Included**
3 Year Fixed Price	X	**Included**

Launched March 2019

Car Insurance

Feature	PCW Car Essentials	New Direct Car Insurance
5* Defaqto core cover	Included	**Included**
Protected NCD	Included	**Included**
Motor Legal Protection	Optional	**Included**
Private healthcare	X	**Included**
Onward Travel	X	**Included**
3 Year Fixed Price	X	**Included**

Launching April 2019

Growing Direct - marketing challenge and response

The communications task…

Change customer purchase behaviour	Seize first mover advantage at scale	Switch customers to our core cover	Grow retention of existing customers
…to "quote Saga" direct	…attracting customers in core segments with 3 year fixed price	…and away from our cheapest cover	…by leveraging our new product propositions

Our approach…

Impactful promotion of new proposition to stand out	Focus on attracting & influencing core & target customers	Offer a superior customer experience
…concentrating spend to maximise impact at launch, with a strong direct CTA.	…highlighting the compelling features of fixed price that resonate with this segment	…that encourages customers to buy direct

We are broadening our marketing approach to drive sustainable long-term growth

In previous years we have focussed on **driving efficiency**, though acquisition of customers on our database.

→

Going forward we will build on this with a **broader media focus**. Our plans include investing in a **mix of direct, digital, press and broadcast media** to promote our new insurance propositions.

→

After **building awareness** of our new 3 year fixed price feature we will review plans for the remainder of the year to **optimise CPAs**.

Growing Direct - rewarding loyalty needs to be about more than just price

- We have shifted our focus from winning customers through **price and discounts** to **value** provided by our service and product features
- We will **deliver value** by offering existing customers an improved claims service-based proposition, price promise and unique product features
- We will change our approach moving towards a **flatter renewal pricing** structure
- We will use the unique relationship built through our membership programme, ***Possibilities***, to **reward loyalty** and **increase retention**

Moving from a price led to a value led customer proposition

Today	Tomorrow
Price Led	**Value Led**
• Reliance on aggregators • Reliance on low pricing & discounts	• High value product features • Our 3-year price promise • A claims concierge service • Additional membership benefits

Growing Direct – improving quotability across a broader footprint

The panel is expanding our competitive footprint

- 3rd Party **Motor New Business panel share** was 30% in 18/19
- 80% of **Motor New Business** customers aged <65, and c.50% of vehicles valued £10k+ and <5 years old
- Our **Saga Factor data model** is well established on our Motor and Home panel, with successive iterations increasing insurers ability to more accurately price risk

There are additional opportunities to broaden footprint

- **30 new change initiatives** identified and verified to expand our competitive footprint
- **New predictive data models:** Saga Factor 3
- **New capability for pricing** to develop more sophisticated new business and renewal models
- Panel progress and our strategic agenda has created new opportunities to **expand the motor and home panels** in 2019

Improving operational efficiency whilst improving customer experiences

We are more efficient, reducing our operating costs by £7.7m in 2018/19

- We've **reduced our cost to serve per policy by c.15%** compared to last year
- Our focus on '**customer excellence**' reducing points of friction and repeat calls has created efficiency and improved NPS
- Our successful **re-platforming of motor insurance to Guidewire** has created efficiency and revenue gains

There are opportunities to become more efficient

- **Re-platforming of home insurance onto Guidewire** will be completed in 2019
- We are trialling **Robotic Process Automation**, Webchat and intelligent chatbots to create efficiency
- **Digital servicing** will provide customers with greater choice of how they wish to interact with Saga and help realise cost savings

Our strategy will have a transformational impact on Saga Insurance

	Goals
Increasing **customer advocacy**	Growth in NPS from **23 to 35**
Acquire more of our customers **direct**	Increase motor/home sales through direct channels from **50% to >65%**
Increase our **operational efficiency**	**20%** decrease in operating costs per policy
Retain more of our insurance customers	Increase in customer retention from **72% to >75%**
Improve our **profitability**	An increase in PBT of **c.£20m** vs rebased 19/20
Increase in **Saga branded policies**	A **5%** increase in the number of Saga branded policies sold

Travel Strategy

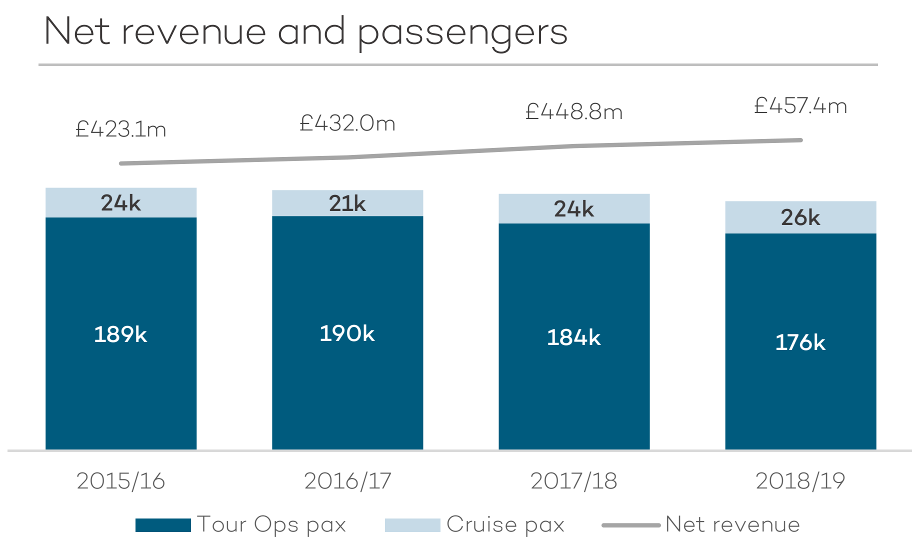
Robin Shaw
CEO Travel

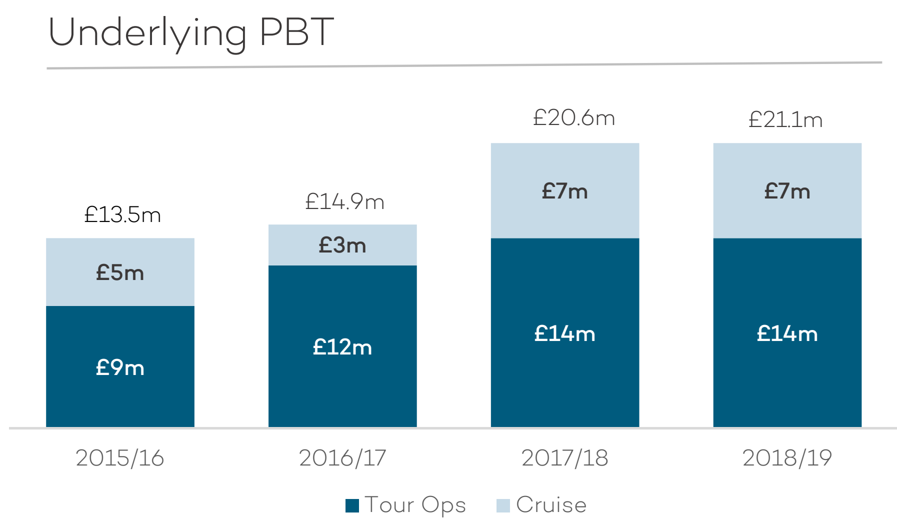
Key messages

- All elements of Cruise transformation on track
- Accelerating migration of Tour Operations into higher margin, differentiated products
- Optimise Tour Operations commercial performance
- Continue to deliver market leading customer satisfaction
- Travel remains on track to deliver between £60m - £75m Underlying PBT by 2021/22

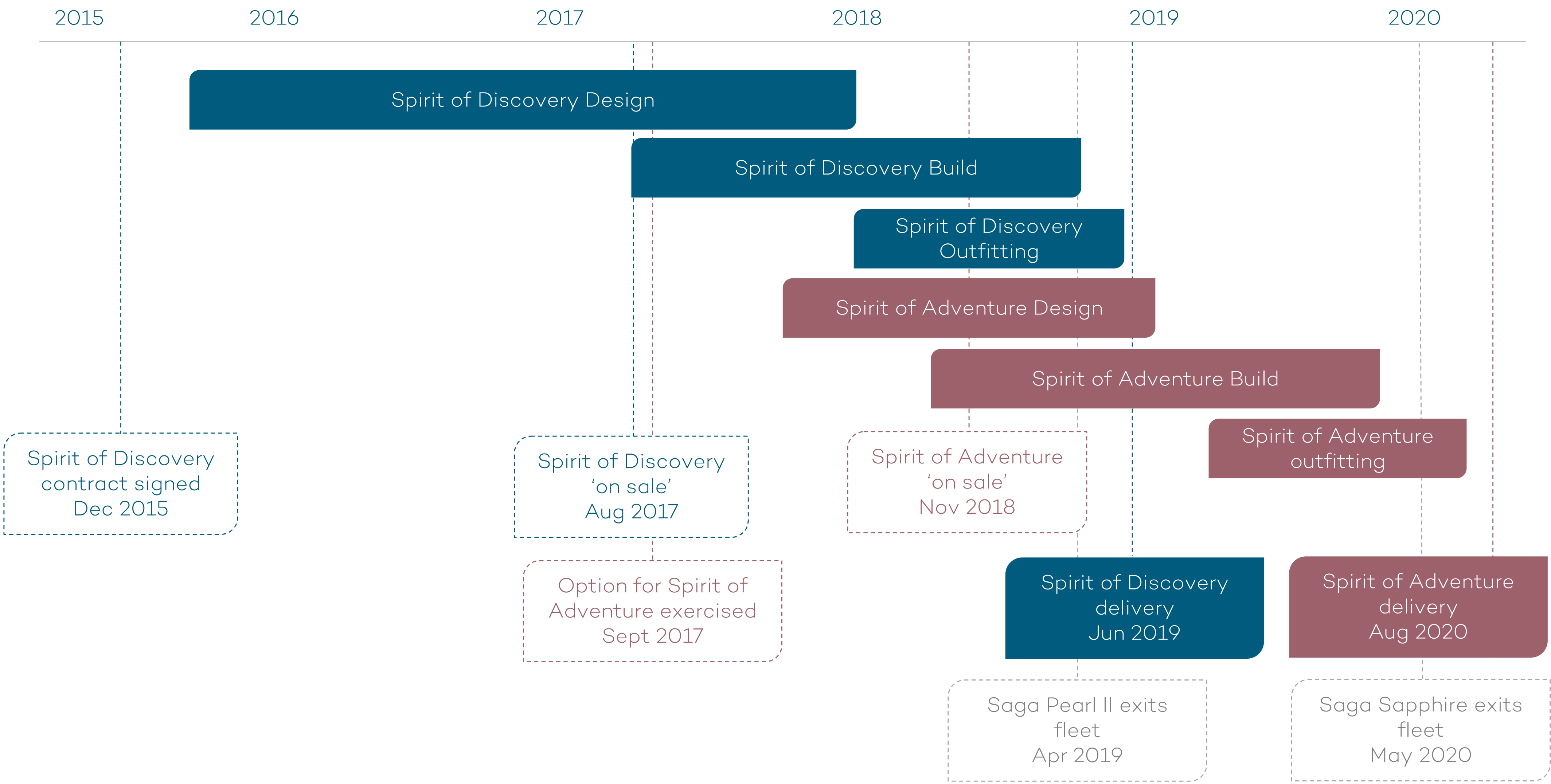
A steady improvement in overall PBT driven primarily by margin and cost efficiencies

- Growth in revenues driven by:
  - Mix shift within Saga Holidays
  - Strong per diem growth in Cruise
- PBT growth driven by margin and cost efficiencies:
  - Tour Operations gross margin / pax from £379 to £399 in 2018/19
  - Overall Travel overheads from 10.3% to 9.5% of total revenues in 2018/19
- Increase in Cruise per diems funds increased new ship marketing of £1.7m and fuel cost increases of £2m



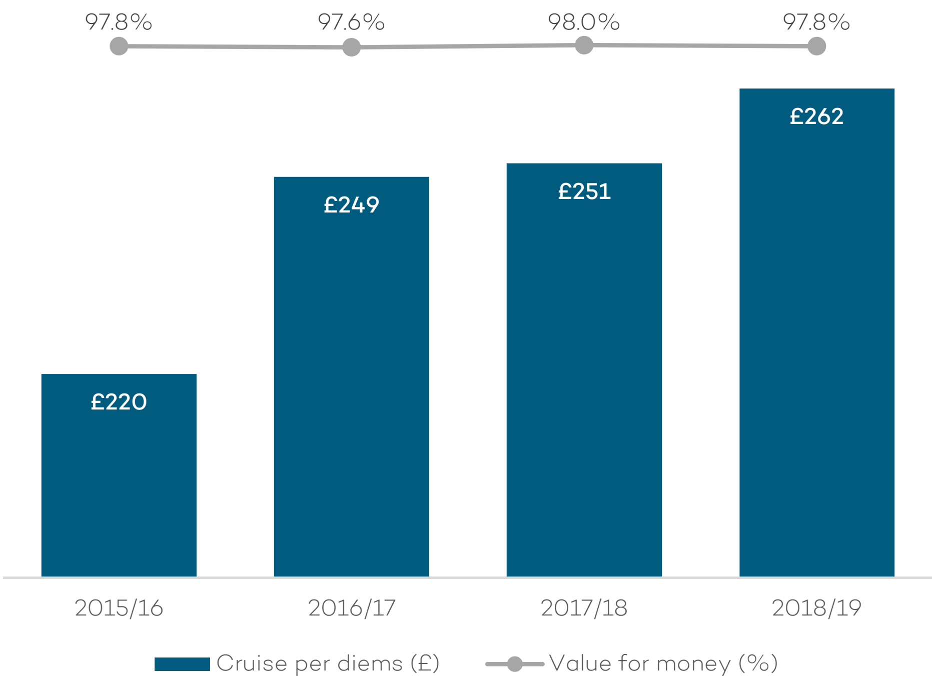


Build process for both new ships in 'full flow' with first new ship delivery in less than 3 months



Key customer satisfaction metrics are extremely positive, especially Cruise

'Value for money' sustained despite increasing per diems



Note:
'Value for Money' defined as % of customers who rated their cruise as either 'Excellent' or 'Good' regarding value for money

Major awards

Titan

- Telegraph Travel Awards 2018 – Best escorted tour operator
- British Travel Awards 2018 – 7 gold, 7 silver, 6 bronze
- Global Travel Awards 2019 – Best mainstream touring company

Saga Holidays

- British Travel Awards 2018 – 7 silver, 5 bronze

Saga Cruise

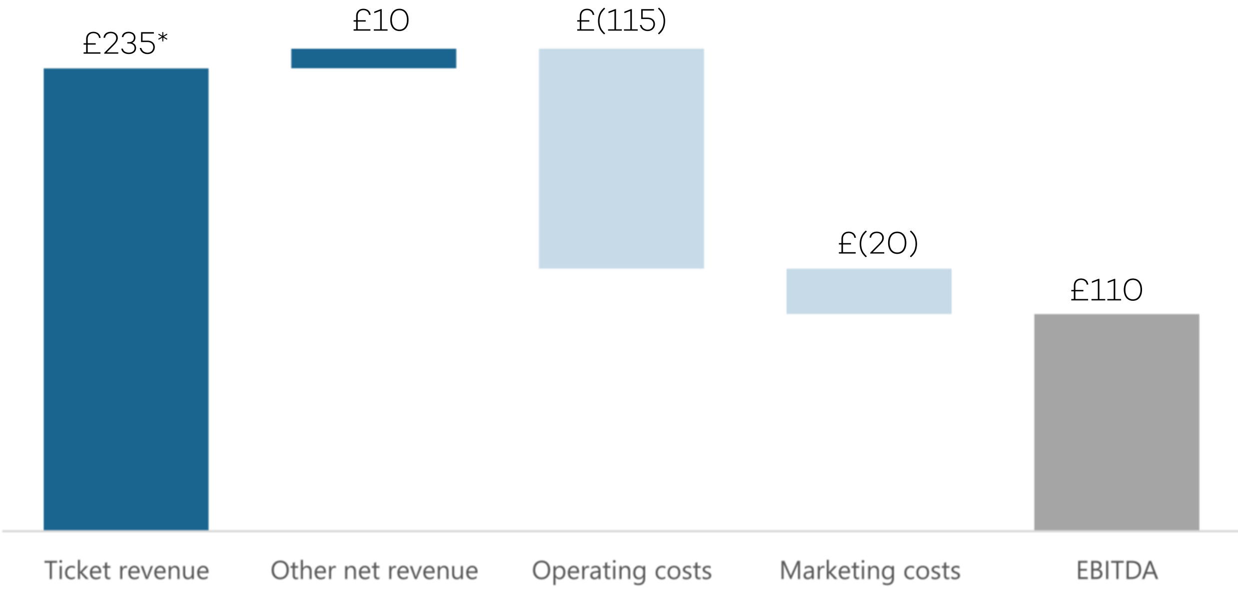
- Wave Awards 2019 – Best value for money cruise line
- Cruise Critic 2019 – Best service and value – Saga Pearl II
- British Travel Awards 2019 – Best small ship cruise company (gold)

All aspects of our Cruise business will be transformed

	Current	Future
Hardware	• Existing ships 38 years old • Total capacity of 1,150	• **2 new ships delivered June '19 and August '20** • **Total capacity 1,998, up 74%**
Customer Proposition	• Only 14% balconies • 20% Insides • Only 15% Singles • Limited onboard facilities	• **100% balconies** • **No Insides** • **20% Single cabins** • **Best in class onboard facilities**
Sustainability	• Regulatory & compliance pressures • Emission levels • Geographical restraints	• **State of the art technology** • **Reduced emission levels** • **Ability to cruise in US, Greenland...future proofed**

New cruise ships will generate £40m of EBITDA per ship

Per capacity day/per new vessel



X 999 berths
X 365 days

£40m EBITDA
Per ship

*Current Spirit of Discovery booked per diems in excess of £275 and targeting minimum load factors of 85%

Notes:

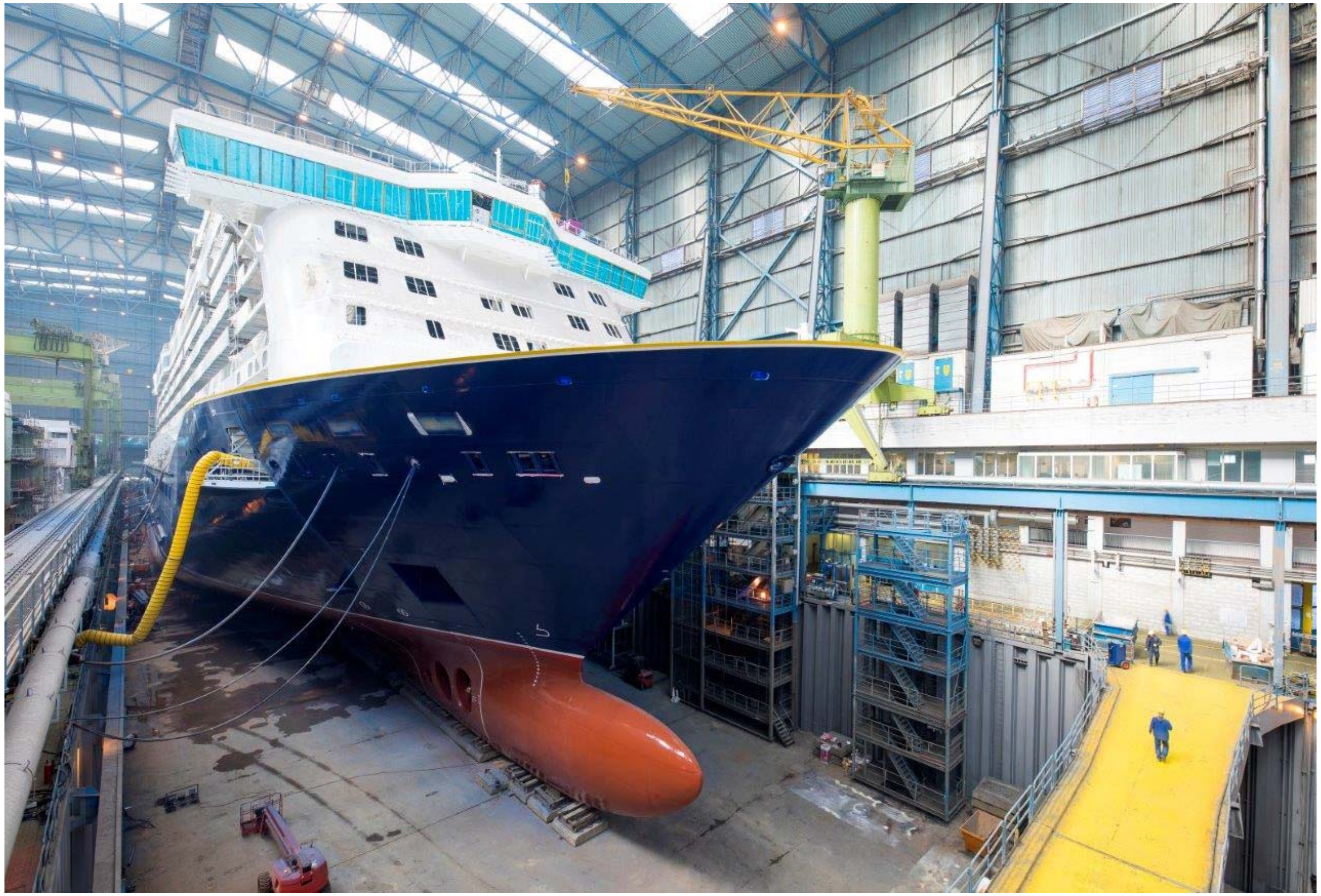
- EBITDA per vessel excluding central Cruise overheads
- Full year annualised estimates

All elements of Cruise transformation on track

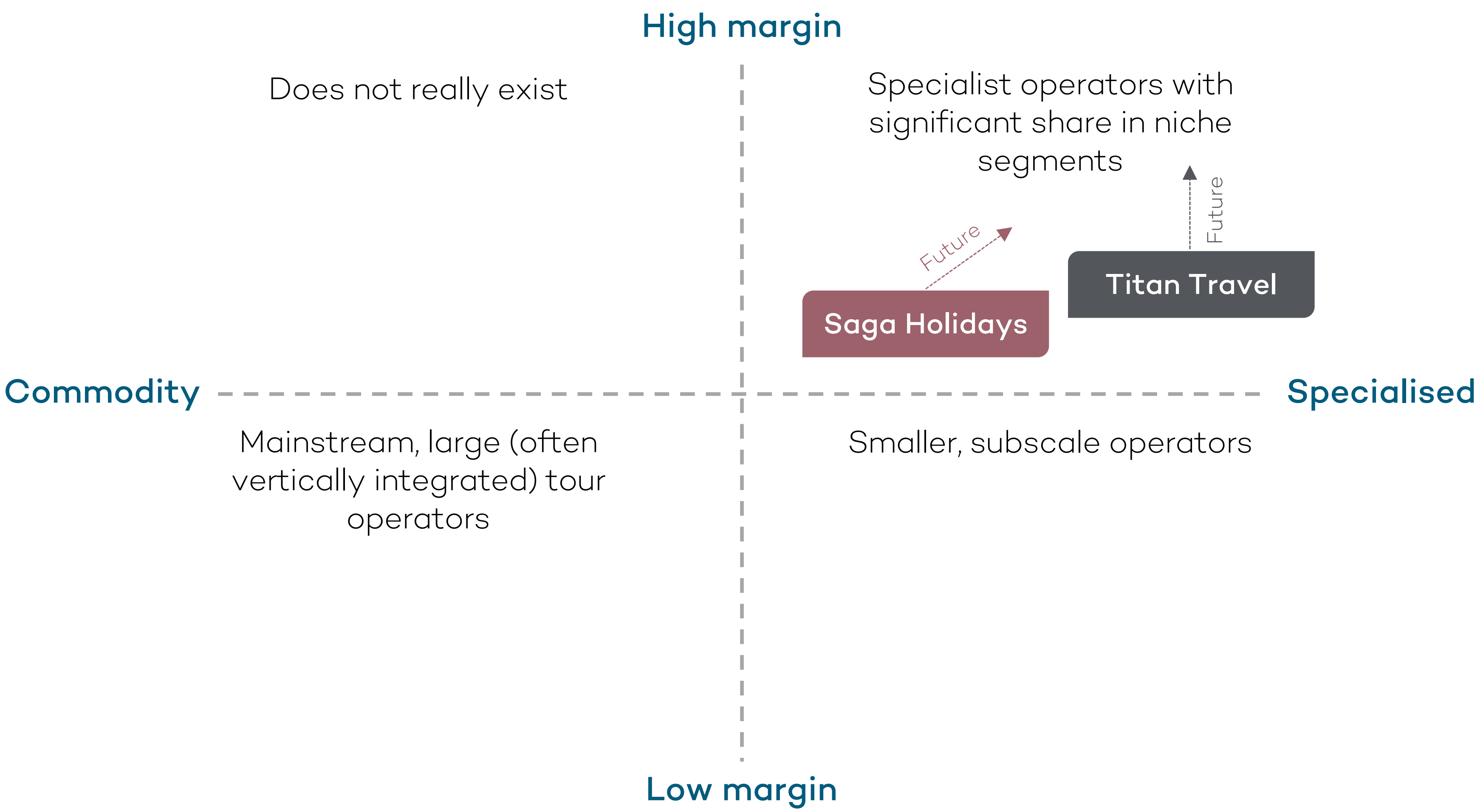
	Tracking
Ship build	• Delivery date 20 June • First revenue cruise 10 July
Ship capital cost	• Spirit of Discovery, costs finalised and within original budget • Spirit of Adventure, design tweaks within budget
Demand generation[1]	• Spirit of Discovery 2019/20 cruises, 78% of full year target • Spirit of Discovery 2020/21 cruises, 24% of full year target • Spirit of Adventure 2020/21 cruises, 25% of full year target

1. Booked revenue as at 23 March 2019

Spirit of Discovery today

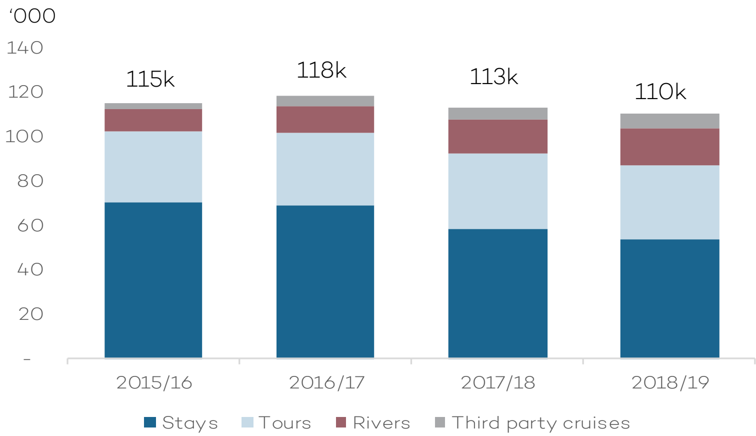


Large operators increasingly dominate commodity travel market; opportunities exist in differentiated segments

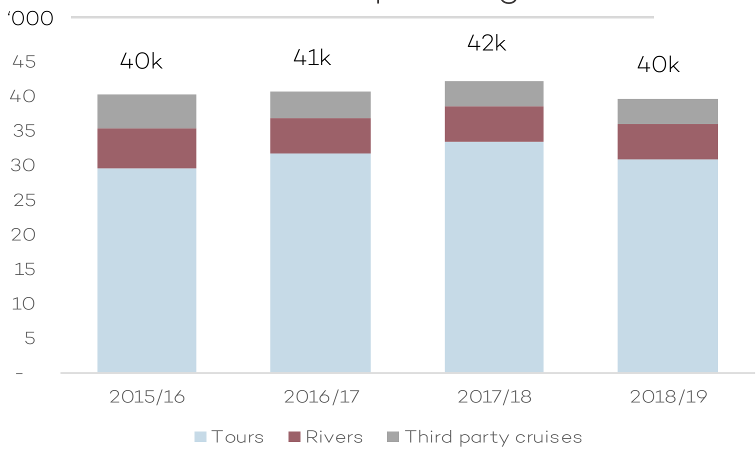


Accelerating our transformation of Tour Ops by focusing on higher margin, more differentiated holiday segments

Saga Holidays total passengers



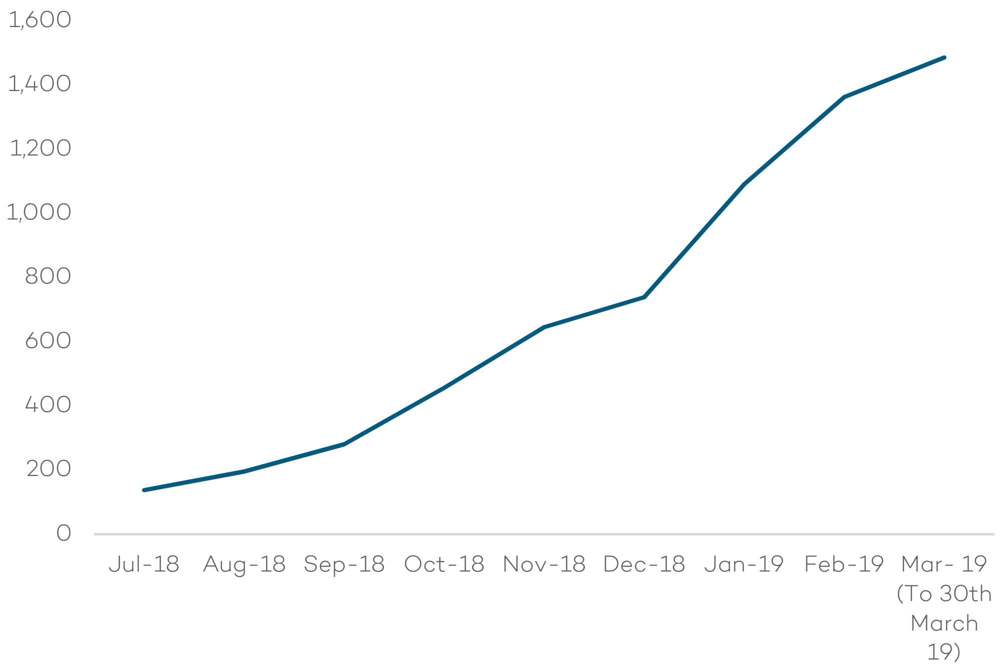
Titan Travel total passengers



Current	Future	Likely Outcome
• Expansive product portfolio • Commodity short haul stays very challenging and low margin • Already had success in "niche" segments	• Increased focus on differentiated, niche segments with higher margins • Short haul product rationalisation, lower volumes	• Stable revenues • Increasing margins
• Titan Travel already focused on high value segments • Industry leading product quality and service levels • Sub optimal commercial practices	• Product strategy to remain intact • Invest in skills and tools to optimise commercial performance	• Moderate revenue growth • Increasing margins

Membership is proving a low cost sales channel and we are targeting 4,000 booked passengers in 2019/20

Cumulative Travel Possibilities passenger bookings



- Over 1,600 passengers booked through Possibilities in the last 9 months
- 38% first time Saga travel customers
- Acquisition costs less than half of normal acquisition costs

Saga Travel has a clear agenda of change that delivers significant PBT growth

	Goals
All aspects of our Cruise transformation are on track	**£40m of EBITDA per ship**
Accelerating migration of Tour Operations into higher margin, differentiated products Optimise Tour Operations commercial performance	Broadly **flat revenues,+2-3 ppts Underlying PBT margin** by 2021/22
Continue to deliver market leading customer satisfaction	Cruise NPS from **61 to >65** Tour Operations NPS from **45 to > 50**
Travel remains on track to deliver 4-5x 2016/17 Underlying PBT by 2021/22	Underlying PBT between **£60-75m by 2021/22**

Brand and Membership

Stuart Beamish
Chief Customer Officer

Key messages

- Customer satisfaction and brand awareness are strong
- However, the Saga brand is not top of mind for enough consumers
- This will be addressed with a customer-focussed strategy, focussed on new products, advertising and membership
- 1.1m customers have signed up to membership and engagement is growing. We are starting to establish a clear link between engagement and commercial value
- We will be adding new benefits over the next 18 months to drive growth in multi-product holdings, insurance retention and travel profitability

Customer satisfaction with Saga is strong

25

Brand NPS

Cruise	Tour Ops	Personal Finance	Insurance
61	46	24	23

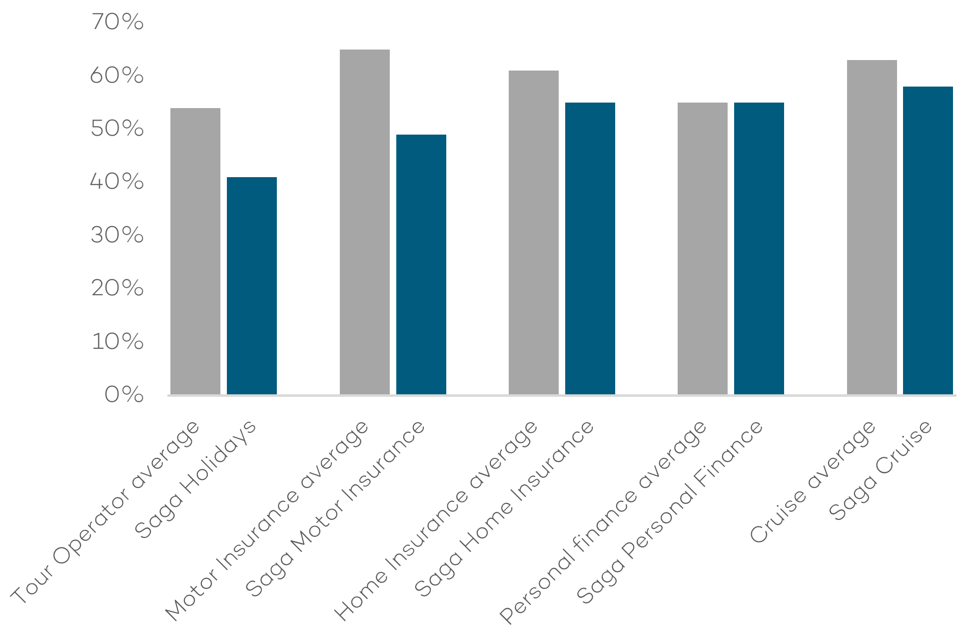
- Brand Net Promoter Score was established in 2018 as the primary satisfaction measure for the Group
- According to our own benchmarking analysis, Saga NPS compares well with key competitors
- New products and services in Travel and Insurance will provide a further increase in satisfaction levels in the coming 12 months

We will grow brand consideration through products, marketing and membership

Prompted brand awareness by category

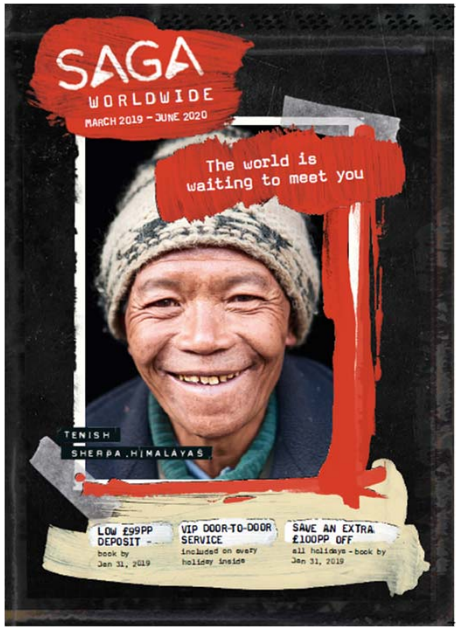
Category	Awareness
Cruise	81%
Holidays	92%
Car Insurance	85%
Home Insurance	89%
Personal Finance	91%
Saga Total	**87%**

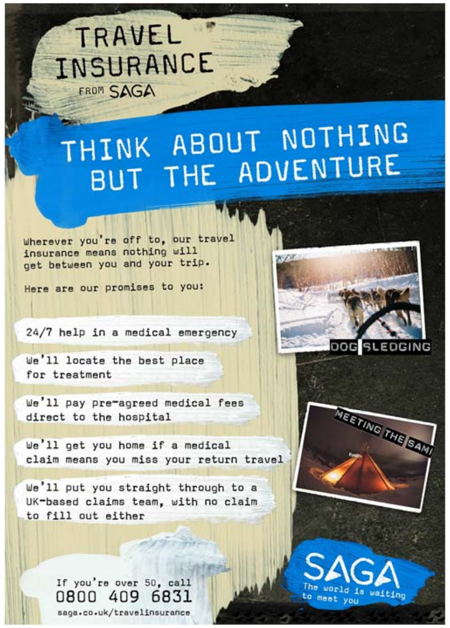
Prompted Brand Consideration



- Across Insurance, Travel and Personal Finance, 87% of our target market know Saga, but is it not top of mind as often as our competitors
- New products, more visible advertising and membership benefits will improve brand consideration

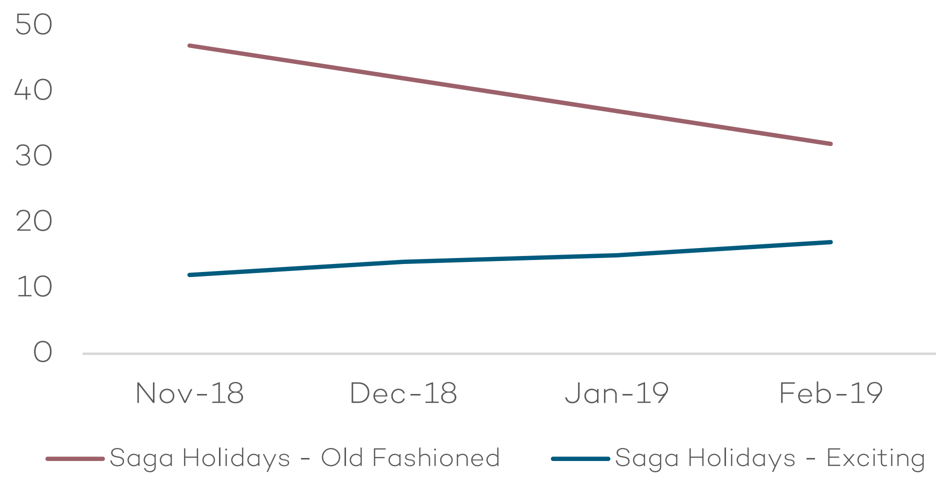
New advertising is starting to improve perception of the brand





- New communications strategy focussed on increasing visibility of Saga and improving perception
- The advertising is helping to change perception of Saga among customers and non-customers
- Significant reduction in 'old-fashioned' perception

Saga Holidays - brand perception



Customer feedback

"Not the old image one normally thinks of from Saga"

"I got a very positive impression of Saga. I used to think they were very boring and for old people but not now"

"Trying hard to do away with the oldies image"

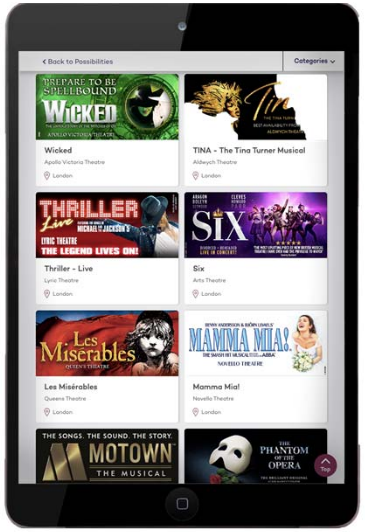
"Not at all what one would normally expect of them"

Membership was launched 18 months ago

possibilities

Launched Oct 2017	Added since launch	About to launch
• Offers with **Majestic Wine, Apple** and others • **'Free gifts'** including bottles of wine and geraniums	• **Dining Possibilities;** Offers and value-add at 1,100 UK branded restaurants • **Travel Possibilities;** exclusive deals with Saga Holidays, Titan and Saga Cruises	• **Entertainment Possibilities** (Mar 19) • Price promise and exclusive offers at UK shows and theatres • **Accor Hotels** (Apr 19)

Offers



Experiences

- Member ballots; bespoke events created for Saga members. This includes music events, "audience with" events, sports & other subjects
- We have had 434k ballot entries since launch
- 320 member events held to-date

The initial objectives were achieved

Possibilities performance since launch

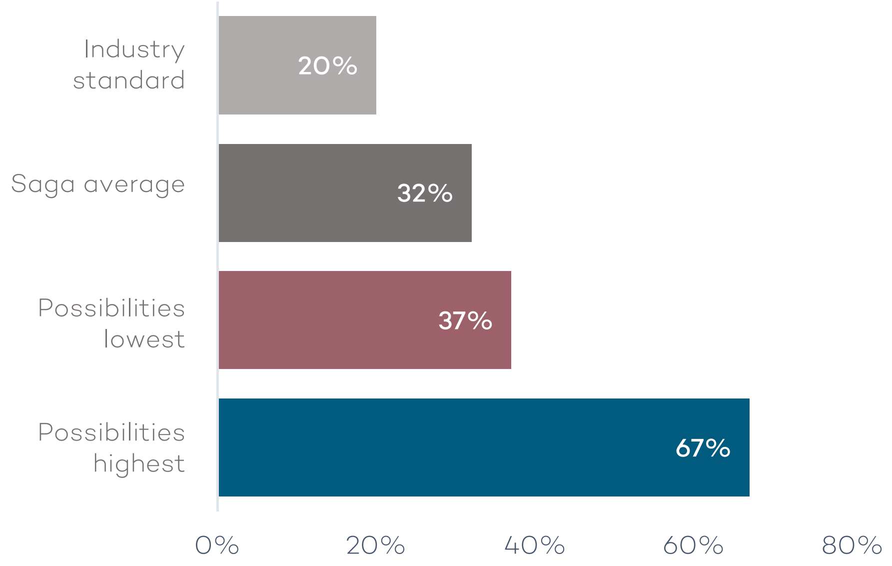
	Performance since launch (up to end Feb 2019)
Active Members i.e. excludes lapsed customers from the activations number	1,050,000
Marketing consent	90.5%
Marketing consent for Possibilities only i.e. would otherwise not be contactable by Saga	212,299

- Sign-up rates for Possibilities have remained consistent since launch
- 84% of those asked have signed-up

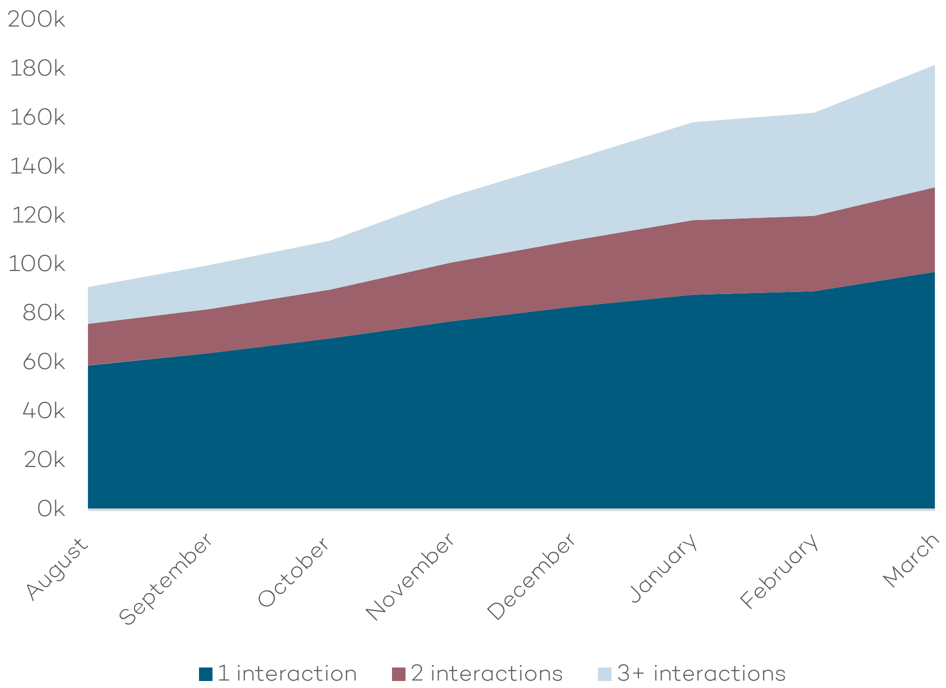
Adding new member benefits has directly led to higher levels of engagement

- Growth in member engagement is our primary membership objective
- Member emails have the highest engagement in the Group
- Dining Possibilities has driven a significant increase in engagement since it was launched in Oct 18

Possibilities Email Open Rates



Growth in Possibilities engagement



*Source: Direct Marketing Association Email Benchmarking 2018

There is a clear link between engagement in membership and commercial value to Saga

(Compared to non-members)

	All Possibilities Members	Engaged Possibilities Members
Average Age	-1	-3
Average number of core products held	+0.3	+0.5
Average margin in last 3 years*	+£145	+£159
Travel Possibilities passengers	+1600	
Marketing opt in	+17%	

*less direct marketing costs

We will continue to develop membership to drive additional commercial value and build brand consideration

From…

V1 membership aimed at **sign-up** and **activation**

to…

A membership programme that **provides genuine and unique value** which **engages our Members** on ongoing basis

delivering…

Insurance retention
Multi-product holdings
Travel contribution

and…

Increased consideration from potential customers

delivering…

Growth in Members with marketing consent

Customer insight is driving development of Possibilities

Possibilities - where our Members' passion thrives

Experiences	Communities	Saga Rewards
Access to events and experiences, on and offline	Reviews, advice, tips, skills sharing	Saga incentives and rewards

3rd party offers
Discounts and added value from well-known brands

New features and benefits will be rolled out over the next 18 months

	19/20			20/21		
Experiences	Scale up member events programme	Introduce paid events (Summer 19)		Member co-created events through online Communities		
Saga rewards	Initiate 'surprise and delight' programme (May 19)	Deploy events as multi-product holding incentives (Summer 19)	Trial exclusive insurance bundles for Members	Expand range of exclusive Possibilities products and services	Pilot selected 'Possibilities Holidays'	
Communities	Relaunch Saga Magazine (May 19)	Create the first communities beta (Autumn 19)	Use Populus as a platform for Member opinion August 19)	Roll out the Communities programme (December 19/Jan 20)	Test buyers clubs	Campaign on areas of Member concern
Access	Launch digital magazine (June 19)	Launch member mobile app (August 19)		New online member hub (2020)		

Brand and membership goals in the coming 12 months

Goals
Grow **prompted brand consideration** from **51%** to **53%**
Double the number of regularly **engaged members** to **360k**
Grow number of **multi product holders**
Support the delivery **of £60-75m travel profits** by 2021/22
Support the delivery of over **75% insurance retention**

Financial Implications of Strategic Change

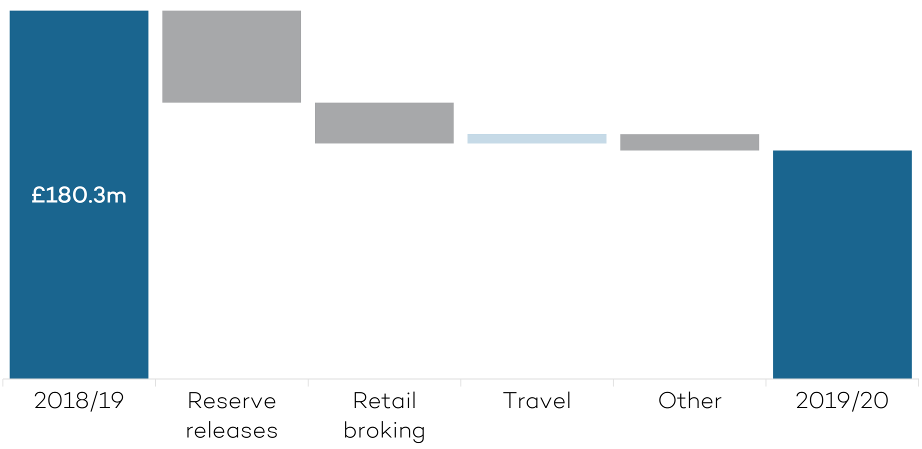
James Quin
Chief Financial Officer

Key messages

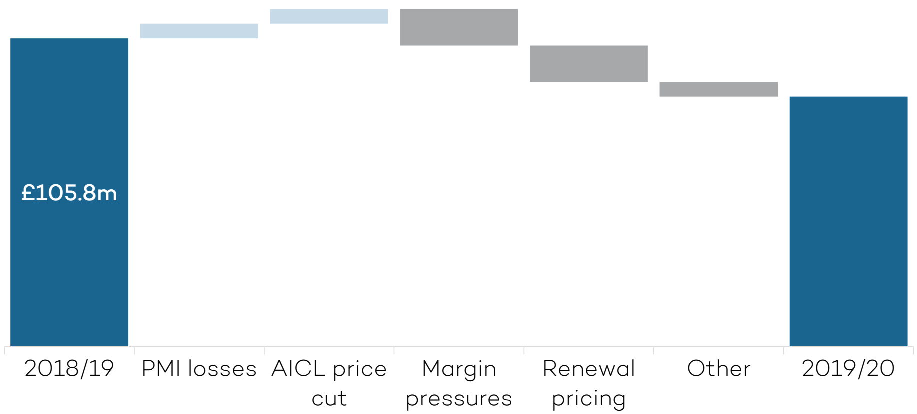
- Reduction in reserve releases and pressures on Retail Broking margins expected to reduce 19/20 earnings by £60m-£75m compared to 18/19 levels
- Opportunity to significantly grow earnings from rebased levels over next 3-5 years:
  - New strategy for Retail Broking expected to add >£20m in PBT, through a sustainable increase in new business and improved retention
  - Cruise and Tour Ops transformation expected to increase Travel PBT to between £60m - £75m by 2021/22
- Price promise inflation risks are well understood; prudent accounting approach to be adopted
- Peak leverage now expected to be higher than previously anticipated, but we expect a rapid reduction towards the ex-cruise leverage goal of <1.5x
- Financial flexibility supported by continued high cash conversion, amended debt covenant, asset backed finance for ships and good liquidity

2019/20 Underlying PBT expected to be in a range of £105m-£120m

Group Underlying PBT



Retail Broking Underlying PBT



- Reserve releases expected to be significantly lower than in 2018/19
- Retail Broking earnings impacted by margin pressures and proactive changes to renewal pricing
- Other includes non-recurrence of £4m property gain in 18/19 and investments to support product strategy and membership
- Travel earnings benefit from 6 months of the new ship, balanced by sale of Pearl II in April and near-term Brexit trading risks in Tour Ops

New Retail Broking strategy focused on growth in policies at sustainable margins

- 3-year fixed is about offering a differentiated product that will enable us to grow sustainably: recovery of lost market share, and growth in our target market (2% CAGR in >65s)
- Focus is on increasing new business and improving retention; we are not relying on the new proposition to generate higher margins
- Short-term, 3-year fixed has around a £5m cost to the 2019/20 P&L, and over the next 5 years is expected to be broadly neutral to gross margins per policy:
  - Increase in revenues per policy due to added policy features
  - Investment in marketing costs and change of mix away from low-cost traditional direct marketing approaches such as direct mail
  - Small increase in admin costs, consistent with high service offering
  - Prudent view of inflation risks: both in terms of the element of gross premium that is deferred, and future inflation assumptions

Growing policy count at sustainable margins

3 year fixed price inflation risks are well understood

Conservative approach to inflation risk

Year 1	Year 2	Year 3
Annual policy	Annual policy	Annual policy
No change to recognition for core policy or add-ons		
3 year fixed price →		
Deferred income	Recognition at the earlier of: • year 3; • customer makes a claim; • customer does not renew	

- Customer is buying a standard annual policy and is free to move at any point
- 3 year fixed price is treated as an option for the customer to fix the price in years 2 and 3 for an additional fee. The option is conditional on no claims being made during the three years, and no increase in IPT
- Income deferral based on estimated cost of price guarantee
- Prudent inflation assumptions in planning
- Over the long-term, we will look at risk-sharing opportunities with insurers and reinsurers

Near-term pressures on Broking earnings, but ability to drive growth from lower base

	2018/19	2019/20	2020/21 and beyond
Policy count	• 1.92m home and motor policies • New business 50:50 direct/PCWs • Retention ~72%	• Fairly stable policy count • >50% new business direct • Retention >73%	• Grow Saga branded policy count by 5% pa • Over time, move to >65% direct new business, and with retention improving >75%
Gross margins (less marketing costs)	• Average £80/policy for home and motor	• Indicative view £71-£74 /policy for home and motor	• Indicative view £67-£70/ policy for home and motor
Costs & WTE	• Overheads of £95m	• Overheads of ~£98m • WTE -£5m	• Overheads held broadly flat in absolute terms

- Lower gross margins in 2019/20 and 2020/21 due to impact of margin pressures and anticipated changes to renewal pricing
- Expect gross margins to stabilise from 2020/21, with growth in policy count then driving earnings
- >£20m potential PBT upside from successful execution of the new strategy on a 3-5 year view
- Above numbers are indicative: we will refine them as we learn more about 3 year fixed

AICL remains a critical enabler of the Insurance strategy

AICL's role

- AICL's role in the group remains unchanged: pricing risk for our target customers and supporting our aspiration to grow market share over time
- The role of the third party motor panel is to provide additional capacity and price points for target customers
- Historically, an overly prudent approach to pricing within AICL has led to the business losing share to third party panel providers; following recent actions, pricing now is better aligned to target return
- Underwriting capabilities remain a critical enabler of the Group's overall Insurance strategy

AICL strategy

- Focus on risk pricing excellence plus footprint expansion beyond current profile; enhanced analytics with investment in people, science and technology. Focus is Motor business with learning to be rolled out to Home business
- Active program of enhancement and embedding of new claims handling system, focussing on best in class management of claims spend
- AICL profitability expected to be in line with target business model, with expected COR of ~97%

Financial goals for next 3-5 years

- **Insurance**
  - Increase Retail Broking PBT by at least £20m from rebased 19/20 level
  - Underwriting COR of ~97%

- **Travel**
  - Increase Travel PBT to between £60m - £75m by 2021/22

- **Emerging businesses and central costs**
  - Increasing contribution from Personal Finance after 19/20
  - Hold overhead costs flat vs 19/20 level

Potential to grow earnings from rebased level

Cash conversion goals for next 3-5 years

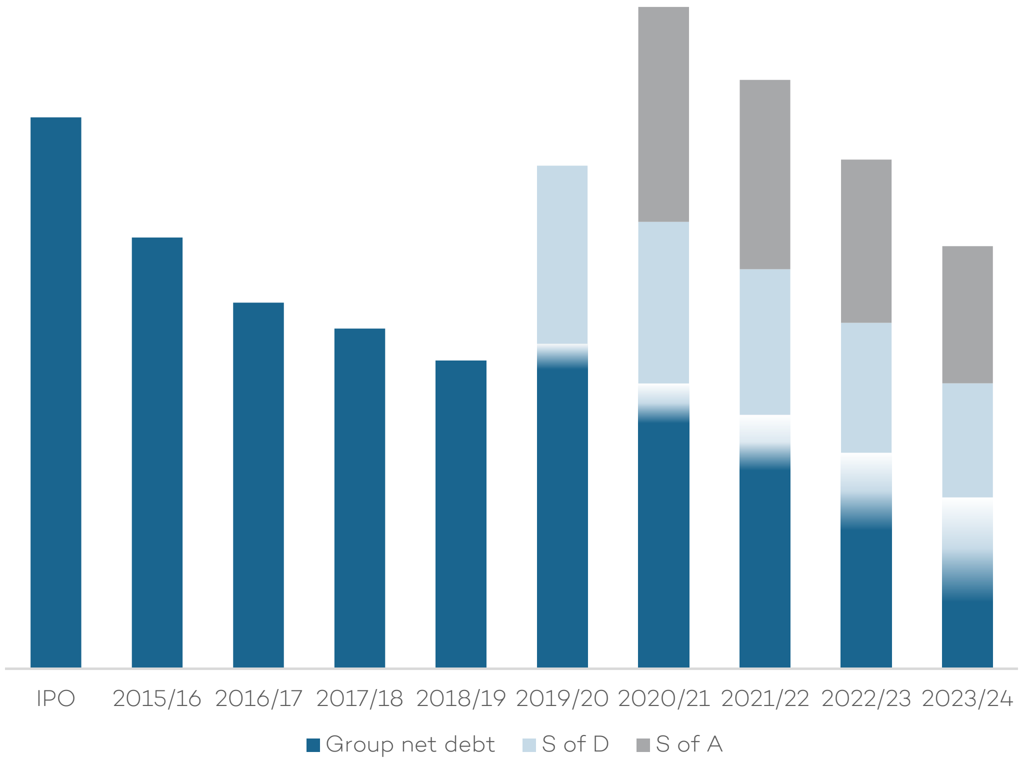
- **High cash conversion from Insurance business expected to continue**
  - 3 year fixed a working capital cash positive for Retail Broking
  - AICL dividends expected to broadly track IFRS earnings
- **Travel cash expected to significantly increase**
  - Cash injection of £25m in February 2019
  - Cruise earnings expected to cover all debt service costs and enable repatriation of cash from the end of 20/21
- **Capital expenditure peak expected in 2019/20 on two major IT projects, followed by significant reduction in 2020/21 and beyond**

Lower conversion expected in 2019/20, but ongoing sustainable level >85% of EBITDA

Note: including the debt service commitments paid directly by Cruise.

Banking facilities amended to provide additional financial flexibility

Group debt ex-cruise expected to continue reducing over time



- Future profile of Group debt remains broadly in line with expectations, although leverage ratio impacted by lower forecast earnings
- Banking facilities amended and extended to allow sufficient financial flexibility:
  - Covenant definitions amended to exclude new cruise ship debt and EBITDA
  - Aligns with our view that the ships are ‘economically’ ring fenced
  - New ex-ships covenant of 3.5x until 1 August 2021, then 3x
  - Extra cruise covenant included, but only relevant when group within 0.5x of ex-ships covenant
  - Revolving Credit Facility extended to May 2023
- Expect to retain at least 0.5x headroom to new ex-cruise covenant

Sustainable dividend policy provides a balance between investor returns and reducing leverage

- Good track record of reducing debt, supported by a profitable and cash generative business model, with an ongoing cash conversion >85% of EBITDA, including the debt service commitments paid directly by Cruise
- Earliest 'core' debt maturity is in May 2023, by which time we expect most of the short-term debt to have been repaid
- New term loan and RCF covenants are focused on the 'core' debt, excluding the new cruise ships (and Cruise earnings), and with headroom available in reasonable stress scenarios
- Although guaranteed by Saga plc, the ship financing is asset backed and is expected to reduce by around £50m per year

Sustainable dividend policy

Pay out ratio of around 50% of underlying earnings provides a balance between investor returns and reducing leverage. Target ex-Cruise leverage ratio under 1.5x, group leverage ratio of 2x within 5 years

Summary

Lance Batchelor
Chief Executive Officer

Rebasing earnings expectations, but creating a platform to grow profits and cash

Platform for growth from the 2019/20 level

- Underlying PBT for 2019/20 expected to be between £105-£120m
- Significant upside from new strategy for Retail Broking and Tour Ops transformation, and continued execution of Cruise strategy
- Solid financial position and strong cash generation support sustainable dividends while also funding rapid de-leveraging

Increase Retail Broking PBT by at least £20m

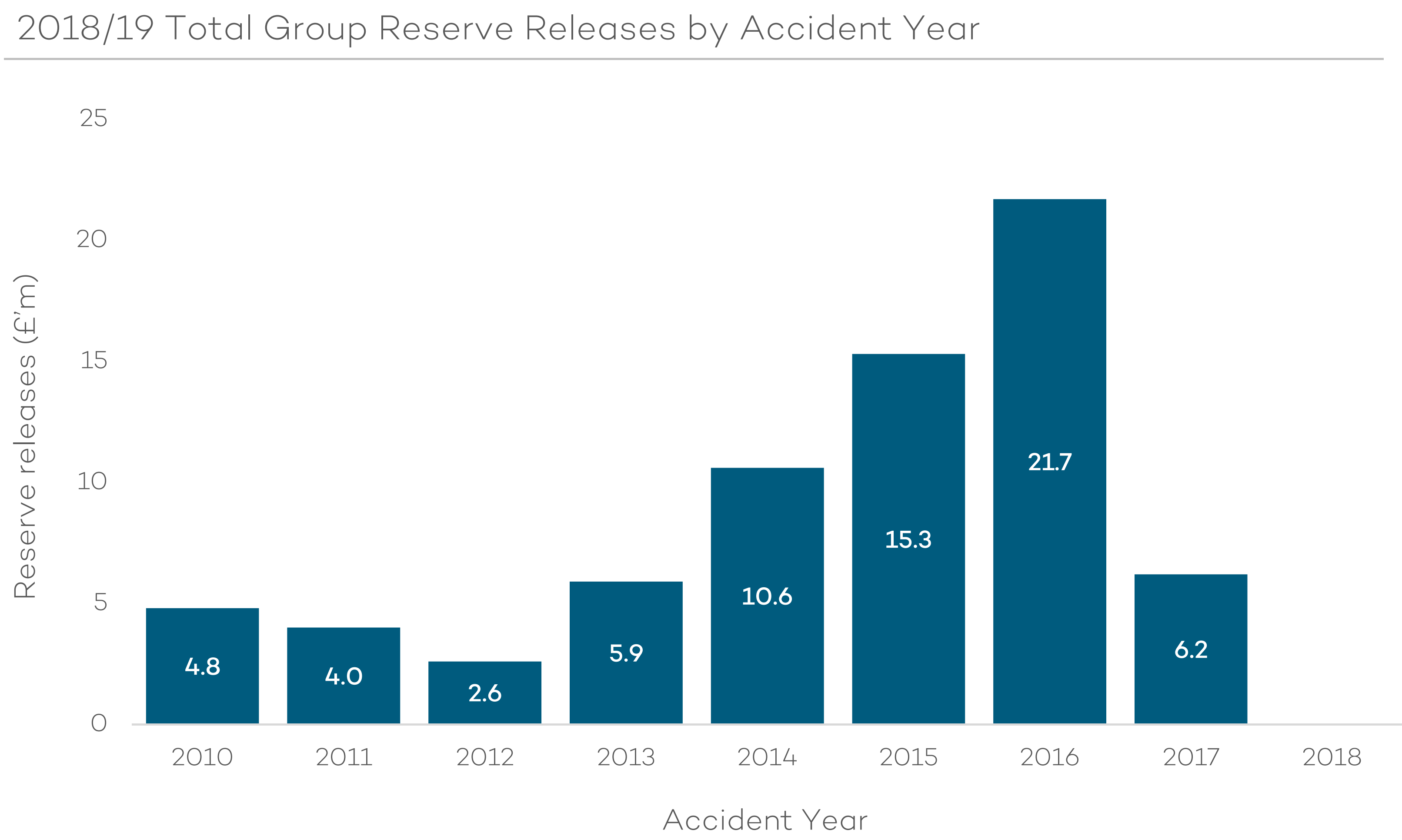
Underwriting COR of ~97%

Travel PBT of between £60m-£75m by 2021/22

Q&A

Appendix

Reserve releases



Saga plc consolidated income statement

	FY 2019	Growth	FY 2018
Revenue	**£841.5m**	**(2.2%)**	**£860.2m**
Underlying Profit Before Tax			
Total Retail Broking (earned)	£105.8m	(19.1%)	£130.7m
Underwriting	£86.7m	9.3%	£79.3m
Total Insurance	£192.5m	(8.3%)	£210.0m
Travel	£21.1m	2.4%	£20.6m
Emerging Businesses and Central Costs	(£21.6m)	21.5%	(£27.5m)
Net finance costs	(£11.7m)	6.4%	(£12.5m)
	£180.3m	**(5.4%)**	**£190.6m)**
Net fair value gains/(losses) on derivatives	£1.0m		(£0.6m)
Debt issue costs	-		(£4.3m)
Restructuring costs	-		(£4.8m)
Impairment of cruise ships	(£5.9m)		-
Impairment of goodwill	(£310.0m)		-
(Loss)/profit before tax from continuing operations	**(£134.6m)**	**(174.4%)**	**£180.9m**
Tax expense	(£27.4m)	19.2%	(£33.9m)
Loss after tax for the year from discontinued operations	-		(£7.6m)
(Loss)/profit after tax	**(£162.0m)**	**(216.2%)**	**£139.4m**
Basic earnings per share:			
Underlying earnings per share from continuing operations	13.1p	(5.1%)	13.8p
Earnings per share from continuing operations	(14.5p)	(210.7%)	13.1p
Earnings per share	(14.5p)	(216.0%)	12.5p

Insurance underwriting income statement

		12m to Jan 19	Quota Share	Underlying	Growth	Underlying 12m to Jan 18
Net earned premium		£80.8m	(£124.0m)	£204.8m	(5.0%)	£215.5m
Other revenue		£12.5m	£10.3m	£2.2m	(78.2%)	£10.1m
Revenue	**A**	**£93.3m**	**(£113.7m)**	**£207.0m**	**(8.2%)**	**£225.6m**
Claims costs	B	(£73.1m)	£108.6m	(£181.7m)	6.0%	(£193.3m)
Reserve releases	C	£71.1m	(£6.8m)	£77.9m	29.8%	£60.0m
Claims handling and levies	D	(£6.3m)	£11.5m	(£17.8m)	18.3%	(£21.8m)
	E	(£8.3m)	£113.3m	(£121.6m)	21.6%	(£155.1m)
Gross profit		**£85.0m**	**(£0.4m)**	**£85.4m**	**21.1%**	**£70.5m**
Operating expenses	F	(£2.5m)	£4.3m	(£6.8m)	(23.6%)	(£5.5m)
Investment return		£4.2m	(£5.7m)	£9.9m	(39.6%)	£16.4m
Quota share net cost		-	£1.8m	(£1.8m)	14.3%	(£2.1m)
Underlying profit before tax		**£86.7m**	**-**	**£86.7m**	**9.3%**	**£79.3m**
Reported loss ratio	(B+C)/A	2.1%		50.1%	(9.0%)	59.1%
Expense ratio	(D+F)/A	9.4%		11.9%	(0.2%)	12.1%
Reported COR	(E+F)/A	11.6%		62.0%	(9.2%)	71.2%
Pure COR	(E+F-C)/A	87.8%		99.7%	1.9%	97.8%
Number of earned policies				839k	(8.4%)	916k

Travel income statement

	12m to Jan 2019				12m to Jan 2018		
	Tour Operating	Cruising	Total Travel	Growth	Tour Operating	Cruising	Total Travel
Revenue	£360.8m	£96.6m	£457.4m	1.9%	£360.5m	£88.2m	£448.7m
Gross profit	£70.2m	£23.1m	£93.3m	0.5%	£69.8m	£23.0m	£92.8m
Marketing expenses	(£19.3m)	(£9.5m)	(£28.8m)	(9.9%)	(£18.4m)	(£7.8m)	(£26.2m)
Other operating expenses	(£36.8m)	(£6.8m)	(£43.6m)	5.6%	(£37.4m)	(£8.8m)	(£46.2m)
Investment return	£0.1m	£0.1m	£0.2m	0.0%	£0.1m	£0.1m	£0.2m
Underlying profit before tax	**£14.2m**	**£6.9m**	**£21.1m**	**2.4%**	**£14.1m**	**£6.5m**	**£20.6m**
Ave. Revenue per passenger	£2,050	£3,715	£2,264	4.9%	£1,959	£3,675	£2,158
Holidays passengers ('000)							
Stays	80		80		86		86
Tours	64		64		67		67
River cruise	22		22		21		21
Third-party ocean cruise	10		10		10		10
	176		**176**	**(4.3%)**	**184**		**184**
Cruise passengers ('000)		26	26	8.3%		24	24
Cruise passenger days ('000)		334	334	3.4%		323	323
Load factor		82%	82%	(1.2%)		83%	83%
Per Diems		£262	£262	5.2%		£249	£249

Emerging businesses and central costs income statement

	12m to Jan 2019				12m to Jan 2018		
	Emerging Businesses	Central Costs	Total	Growth	Emerging Businesses	Central Costs	Total
Revenue							
Personal Finance	£8.2m	-	£8.2m	6.5%	£7.7m	-	£7.7m
Healthcare	£6.0m	-	£6.0m	7.1%	£5.6m	-	£5.6m
Media	£18.6m	-	£18.6m	31.9%	£14.1m	-	£14.1m
Other	-	£1.3m	£1.3m	(40.9%)	£0.6m	£1.6m	£2.2m
Total revenue	**£32.8m**	**£1.3m**	**£34.1m**	**15.2%**	**£28.0m**	**£1.6m**	**£29.6m**
Gross profit	**£13.8m**	**£2.2m**	**£16.0m**	**6.0%**	**£13.0m**	**£2.1m**	**£15.1m**
Operating expenses	(£10.7m)	(£30.4m)	(£41.1m)	(17.8%)	(£10.0m)	(£24.9m)	(£34.9m)
Profit on sale of property	-	£3.9m	£3.9m		-	-	-
Share of loss on joint venture	-	-	-		(£2.2m)	-	(£2.2m)
IAS19R pension charge	-	(£0.4m)	(£0.4m)	92.7%	-	(£5.5m)	(£5.5m)
Net finance costs	-	(£11.7m)	(£11.7m)	6.4%	-	(£12.5m)	(£12.5m)
Underlying profit/(loss) before tax	**£3.1m**	**(£36.4m)**	**(£33.3m)**	**16.8%**	**£0.8m**	**(£40.8m)**	**(£40.0m)**

Cash flow and liquidity

Available Cash Flow	12m to Jan 2019	Growth	12m to Jan 2018
Retail Broking Trading EBITDA	£116.7m	(17.0%)	£140.6m
Underwriting Trading EBITDA	£87.2m	10.4%	£79.0m
Travel Trading EBITDA	£41.1m	6.2%	£38.7m
Emerging Businesses and Central Costs Trading EBITDA	(£13.7m)	(9.0%)	(£7.6m)
Group Trading EBITDA(1)	**£231.3m**	**(7.7%)**	**£250.7m**
Less Trading EBITDA relating to restricted businesses	(£128.3m)	(9.0%)	(£117.7m)
Intra-group transfers from restricted businesses	£78.5m	12.1%	£70.0m
Working capital and non-cash items	£19.9m	1,758.3%	(£1.2m)
Capital expenditure funded with available cash	(£20.8m)	20.9%	(£26.3m)
Available operating cash flow	**£180.6m**	**2.9%**	**£175.5m**
Available operating cash flow %	78.1%		70.0%

Multiple product holdings

	FY 2019	FY 2018	
Multiple product holdings			
Number of customers with one product only	**966,485**	957,648	+0.9%
Number of customers with more than one product	**738,565**	761,464	(3.0%)

Capital payments on fleet renewal

Capital payments on fleet renewal

	SofD	SofA	Total
Stage payments made	£52.9m	£30.7m	£83.6m
Stage payments to come:			
H1 2019/20	-	£15.7m	£15.7m
H2 2019/20	-	£15.8m	£15.8m
Future cash outflow	-	£31.5m	£31.5m
Total equity cost	£52.9m	£62.2m	£115.1m

Historical cash flow of Travel

Summary cash flow of the Travel segment

	2016/17	2017/18	**2018/19**
Operating cash flow before capex	£35.6m	£32.4m	**£50.8m**
Capex to fund ship payments	(£12.9m)	(£41.7m)	**(£28.9m)**
Other Capex	(£10.9m)	(£14.1m)	**(£13.2m)**
Operating cash flow	£11.8m	(£23.4m)	**£8.7m**
Dividends paid to Saga plc	-	-	**-**

Written to earned adjustment

WTE

	2017/18	**2018/19**
Motor	£3.6m	**(£0.8m)**
Home	£3.6m	**-**
	£7.2m	(£0.8m)