

Transforming Saga

Experience is **Everything**

Interim results, strategy update and capital raise

10 September 2020



Euan Sutherland Chief Executive Officer

Agenda

Euan Sutherland Chief Executive Officer
James Quin Chief Financial Officer
Euan Sutherland Chief Executive Officer
Stuart Beamish Chief Customer Officer
Cheryl Agius Chief Executive Officer Insurance
Euan Sutherland Chief Executive Officer

Overview and H1 divisional trading Financial performance Strategy update Data, Digital and Brand Insurance Travel Conclusion Q&A

Introduction

Good progress in first half and a robust response to Transforming Saga – Experience is everything COVID-19

- Insurance continues to be resilient
- Loyal Cruise customer base, 'cash burn' reduced
- Repatriation of all customers and crew
- Rapid & effective move to home working for all
- Plans in place to achieve £20m of annualised cost savings
- Completed non-core disposals, generating over £35m on disposals

- Comprehensive review of business.
 - PE ownership left the business under invested —
 - Public ownership suffered from poor ____ execution
 - Direction set out in April 2019 still holds; returning to our heritage as direct to consumer brand
- Strengthened team driving delivery of enhanced plan:
 - People and culture reset 1
 - 2 Data, Digital and brand transformation
 - З. Optimising core businesses
 - Lowering our operating costs 4.
 - 5. Reducing debt

Capital raise with Roger De Haan as cornerstone investor

£150m capital raise, fully committed and underwritten

Reduces leverage and provides further financial support to operate through ongoing COVID-19 disruption and beyond.

Up to a £100m investment from Roger De Haan, with firm placing at premium Roger De Haan supportive of enhanced management plan, joining the Board as non-Executive Chairman with significant Saga experience & committed to long term value creation.

Subject to shareholder approval

General Meeting to be held on 2 October 2020

Insurance performance tracking positively



Early, decisive action to suspend the Travel business minimised financial impact, maximised loyalty & retention

Suspended operations in March

- Repatriated all customers and crew
- Completed the sale of the Saga Sapphire
- Identified in year cost savings of £20m (in addition to ٠ the Group savings of £20m), with low monthly burn costs of £6m-£8m in Travel suspension
- Retention rates continue to be strong, particularly in ٠ Cruise

We are ready to resume operations when guidance changes

- Demand from customers resilient, ready to resume some Cruise operations in 2020, with Tour Operations in early 2021
- Significant enhancements to operating protocols to ٠ allow a return in a COVID-19 world





Cruise retention >65%

Consistent delivery of plan in H1. Confidence in outlook

H1 performance

- Early, rapid COVID-19 response successful
 - Robust working from home across the Group
- Cost optimisation
 - £20m sustainable reduction in operating costs
 - £35m of non-core disposals delivered
 - Travel burn costs reduced, Saga Sapphire sold in line with plan
- Insurance on plan with positive policy growth, retention ahead of plan and margin in line
- Strategic review complete and delivery already underway

Outlook

- Confidence in
 - Insurance performance and optimisation
 - Cruise transformation & COVID-19 response
 - Tour Operations reset for 2021
- Placing and Open offer with Roger De Haan underpins significant debt reduction following completion
- Saga relaunch driven by data, digital and brand step change from 2021, optimising our businesses
- Culture, leadership and people improvements underway
- Agile working from home established to maximise productivity and engagement, while reducing costs



James Quin Chief Financial Officer

Group results

	HY 2020	HY 2019	
Revenue	£192.4m	£395.9m	(51%)
Underlying PBT	£15.9m	£52.8m	(70%)
Reported PBT	(£55.5m)	£52.6m	(206%)
Available operating cash flow	(£23.2m)	£24.9m	(193%)
Debt ratio (ex cruise)	3.6x	2.2×	1.4×

- Travel revenue down 78% on prior year due to COVID-19
- Underlying PBT in line with expectations and stress testing
- Underlying PBT excludes:
 - £59m Travel goodwill impairment
 - £18.7m restructuring costs and
 £9.6m business exit write-downs
 - Profit on disposal of non-core businesses of £10.3m
 - Profit on the sale of Saga
 Sapphire cruise ship of £4.5m
- Available operating cash flow inline with expectations
- Leverage well within banking covenant of 4.75x

Underlying profit before tax still positive even with significant impact from COVID-19

Underlying PBT

	HY 2020	HY 2019	
Retail Broking	£42.0m	£49.3m	(15%)
Underwriting	£28.0m	£21.3m	32%
Insurance	£70.0m	£70.6m	(1%)
Travel	(£34.2m)	£0.8m	nm
Other businesses	£1.2m	£1.6m	(25%)
Central costs	(£21.1m)	(£20.2m)	(4%)
Underlying PBT	£15.9m	£52.8m	(70%)

- £6.5m COVID-19 impact on Retail Broking due to lower travel sales and reduced fee income
- Overall broking result resilient
 - Growth of 2.5% in Home and Motor policies
 - Retention 80%, up 6ppts
 - now over 500k in force Home and Motor policies on 3-year fixed-price
- Underwriting ahead due to favourable experience on large bodily injury claims relating to prior accident years
- Travel business suspended since March

Retail Broking results in line with expectations





- Lower advertising spend, partially offset by reduced fee income due to COVID-19
- Pricing actions implemented in July 2019, and fully included within previous guidance
- 3 60% reduction in travel insurance sales, plus lower claims handling and credit hire fee income
- 4 £3m increase due to change in recharge methodology more than offset by cost savings initiatives

£6.5m COVID-19 impact: £1.1m other income in motor, £4.5m other broking and £0.9m Bennetts

Underwriting ahead of expectations due to favourable experience on prior accident years



- Net earned premiums decreased 4% in line with lower earned policies
- Reserve releases of £27.0m (HY 2019: £18.0m) ahead of expectations due to favourable large loss experience relating to prior accident years
- No benefit included in the current accident year for reduced Motor claims frequency resulting from lower miles driven during the lockdown period
- Good progress in rebuilding core capabilities; no change in expectations for 2021/22 and beyond, with target reported combined ratio of 97%

Travel results reflect impact of suspension from March

	HY 2020	HY 2019
Revenue	£49.3m	£219.0m
Gross profit	(£3.4m)	£40.0m
Underlying PBT – Cruise	(£15.4m)	(£3.4m)
Underlying PBT – Tour Ops	(£18.8m)	£4.2m

- Travel business was suspended in March no revenues since mid-March
- Operating and marketing costs reduced by £12.4m, due to a combination of sustainable cost savings and lower activity based spend
- Admin cost cuts mainly implemented in June, and hence will have a bigger impact on H2
- 'Drop through' from lower revenues to Underlying Profit Before Tax of:
 - 19% for Tour Ops, inline with the 15% 20% range indicated in April
 - 41% for Cruise due to profits generated before suspension; expect range of 50%-55% for the full year
- Sale of Saga Sapphire completed on 12 June

Administration and marketing costs



Half-on-half movement in administration and marketing costs

- Total administration and marketing costs excluding non-trading items decreased £21m:
 - E15.8m reduction in marketing costs, with £10m relating to lower activity in Travel marketing due to COVID-19
 - £4.3m decrease in overhead costs due to a reduction in staff costs, depreciation & amortisation, partially offset by an increase in IT costs relating to new IT contracts
- Ongoing savings of £20m on a run rate basis, excluding disposals; around £75% has been secured and with the balance relating to continuing actions on property and procurement

Note: HY 2020 excludes £18.6m of restructuring costs, £6.4m relating to costs for the exit of non-core businesses,

Continued strong insurance cash generation



Movement in adjusted net debt

- Available operating cash flow before cash support to Travel was resilient £45.4m (H1 2019: £49.9m), despite impact on Travel insurance sales due to COVID-19 and lower AICL dividend
- Tour Operations business received funding of £51.8m, comprising the £46m operational support and £5.8m of restructuring costs (included in non-trading items)
- Cruise operates on an unrestricted basis and received operating liquidity of £22.6m and £2.7m of restructuring costs (included in non-trading items) and £4.3m of debt service interest payments
- Non-trading items include restructuring costs and pension contributions, offset by proceeds from the sale of the healthcare business

Note: Closing net debt stated above excludes the Spirit of Discovery ship loan

Cash support provided to Travel has enabled seamless trading through challenging period



Tour Operations cash movements

- Both Tour Operations and Cruise cash outflows are well within modelled assumptions and stress test scenarios
- Cash burn of Travel businesses expected to be £6m to £8m per month in second half
- Customer refunds in the second half are also expected to be at a lower level as all upcoming departures have now been cancelled

Tour

- Trading costs includes £23m of payments to suppliers relating to the pre-suspension period
- £34.7m of advanced customer receipts are supported by £30.5m of cash, above the current regulatory requirement

Cruise

- Cruise advanced receipts were £37.3m, a £14.2m reduction from £51.5m at 31 January 2020
- Capex includes the initial proceeds from the sale of the *Saga Sapphire* in June.

Significant actions taken to maintain financial resilience

Actions taken already to secure financial position

- Disposals of Healthcare and Bennetts completed, with c£36m of sales proceeds received
- £50m drawdown on RCF in March has provided sufficient liquidity to support travel
- Significant reduction in expenses, both short-term and on a sustainable basis
- Agreement of debt holiday with lenders on ship facility; no repayments due until April 2021

Current position remains robust

- In compliance with all banking covenants at 31 July 2020
- £29m of shareholder cash at 31 July, and with £16m debt repayment during the month following completion of Bennetts disposal
- Further £31m of cash in ST&H ring fence, supporting £35m of advance receipts (88% collateral)
- Insurance business performing well and remains cash generative

Expect to remain in compliance with bank covenants for next 6 months assuming no resumption of travel and no further management actions; stress test modelling from March has held up well

£150m capital raise improves financial strength

Summary	of banking	facilities	post	capital	raise
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	Outstanding (Proforma)	Expiry
Corporate bond	£250m	May 2024
Spirit of Discovery	£234m	June 2031
Spirit of Adventure (drawn on delivery)	c.£285m	Sept 2032
Term loan	£70m	May 2023
RCF	£100m available	May 2023

- Gross raise of £150m, with approximate costs of £10m
 - Repay £40m drawn RCF
 - Reduce the term loan to £70m
 (from £134m at 31 August)
 - Remaining cash used to support group liquidity
- Further improvement to near-term debt maturity profile
 - Remaining £70m term loan extended to May 2023
 - No capital repayments due on ship debt until April 2021
 - RCF would be undrawn, with £100m of available headroom

Amended covenants provide additional flexibility

	Covenants
Corporate bond	None
Spirit of Discovery	2x interest cover 1.2x debt service
Term Ioan	Net debt to EBITDA (excluding Cruise) increased to 4.75x at 31 July 2021
RCF	Interest cover reset No plc dividends if leverage >3.0x

Key covenants are in the term loan and RCF

Note: Full details are included in the appendices

Term loan and RCF

- Further short-term amendments agreed to banking covenants, mainly at mid-year 2021 testing points
- Provides additional headroom in downside scenarios of extended travel suspension

Ship facilities

- The covenants are effectively tested at the plc level
- Waiver of covenants until 31 March 2021

Financial planning built around prudent view of outlook

Core assumptions

- Current expectation is that Cruise restarts late in 2020
- Tour business remains suspended until March 2021, with a slow recovery
- Implementation of trust accounting for Tour Ops (100% cash collateral)
- Insurance results expected to remain resilient but assumes zero benefit from COVID-19 claims frequency reductions

Key downside scenario

- Reintroduced travel restrictions lead to a further 4 month suspension from January 2021
- Assume 80% load factors on Cruise from restart, improving to 83% by 2023/24, and with higher ongoing costs
- Extended recovery period for Tour Ops
- Prudent stress tests included for the insurance business with additional working capital strains and assumed lower dividends from AICL

Headroom available to covenants in all reasonable modelled scenarios post capital raise

Debt expected to significantly reduce over the next few years



- Capital raise replaces cash cost of COVID-19 and enables continued compliance with covenants in stress scenarios
- Provides funds to support strategic execution
- No bank debt or bond debt maturity until 2023
- Plc dividends not expected to resume until total Group leverage (including Cruise) is below 3.5x

Good first half, capital raise supports strategic execution

Good progress in first half and a robust response to COVID-19

- Completed disposals of healthcare and Bennetts, generating c£38m of proceeds
- Plans in place to achieve £20m of annualised cost savings
- Early agreement with banks to amend covenants to provide additional flexibility
- Cruise debt holiday and covenant waiver agreed until 31 March 2021
- Strong scenario planning and good liquidity management in challenging circumstances

Capital raise with Roger De Haan as cornerstone investor

- £150m capital raise, fully committed and underwritten
- Reduces leverage and provides financial support to operate through ongoing COVID-19 disruption
- Lower debt and amendments to bank facilities support stability in strategic execution



Euan Sutherland Chief Executive Officer

Reflections underpin strategic planning

Saga was built with over 55 years of investment in serving customers with unique, quality products and services for older people in the UK, followed by almost 15 years of franchise depletion.



We are beginning to turn the business around after last year's reset



We are modernising the Saga brand to reflect the youngat-heart attitude of our customers

Our core audience feels younger than they are

Difference between chronological age and perceived age



Source The Big Window

Creating exceptional experiences is at the core of Saga

The Saga Opportunity

- Target market that is growing in numbers and wealth
- Core customers are fitter, wealthier and more digitally savvy than ever.
- Our customers have gained life experience, have high standards and know what's good value.

The Saga Difference

- The Saga DNA was always to serve older people with innovative, high quality and good value products and services specifically designed for them.
- Providing exceptional experiences was always at the heart of Saga.
- Our return to this DNA in a modern, digital context underpins the strategy.

"From the start of my contacting Saga regarding my problem, I was made to feel special"

"The whole experience from start to finish with Saga was fantastic. The tour guide in India was very friendly and the coach driver and his support guy were also excellent. The car to and from the airports were a nice touch and both drivers very friendly and helpful. The whole experience was exceptional"

"When I rang all operators were busy but I was promised a callback within the hour which I received. The person taking my booking was both knowledgeable and helpful when discussing cabin location. I would definitely recommend Saga booking service to others"

> "I am reassured I am in safe hands – important this year as I have become widowed"

Source: Saga customer experience report June 2020

"From the very first conversation everyone who I spoke to has gone that extra mile to make things easy"

Experience is Everything for our customers

April 19 set us on the right track and we've strengthened this with a focus on five priorities:





Our culture and leadership will underpin the success of the transformation

- Saga's 2020 strategy and the rapidly changing global environment have required a fundamental reappraisal of our People Strategy.
- The new purpose, values and leadership behaviours are the foundations for our culture and will help re-engage colleagues in the true Saga Spirit.

Actions and successes so far





Created a **culture of accountability**, with a new approach to organisation design, reducing 17 layers of management to 5.

Responded to COVID-19 with the rapid and successful deployment of **home working for c.2,300 colleagues**



Launched Facebook **@Workplace** as our new comms platform,, with over 4,000 posts and 10,000 engagements since launch.

Enhanced colleague support for mental wellbeing #SagaMindsMatter

What's next in 2020



In September, we are launching our **new purpose, values and leadership behaviours** across Saga



Aligning our new Saga brand position with our **employer brand** and **immerse all colleagues in 'Experience is Everything**'



Creating an environment where our front line colleagues are enabled to deliver an **exceptional experience to our customers**



Continue the development and implementation Working@Saga, our new **home-based model** for colleagues, with **upgraded office hubs**



Perform, Learn & Grow, a progressive approach to raising performance, enabling learning and building talent



A bigger and bolder strategy building a platform for growth

Stuart Beamish Chief Customer Officer

A transformation programme to drive customer growth

Focus on three core growth drivers, based on insight into Saga's target audience



Data transformation focus on growing and driving greater value from Saga's data asset

Already delivered

Transformation focus - drive value for customers and Saga using combination of data assets and new capability



Single group platform to **connect broader set of data for 9m customer records**



Replaced legacy systems with Adobe Marketing Cloud adoption, delivering **best in class website analytics**



A 'data lake' and **data analysis platform** enabling faster analytics



New transactional platforms in Insurance and Travel that **pass wider datasets into the single customer view**

Pricing

• Improving insurance risk pricing by migrating insurance data into new platforms in 2020



Marketing

• Driving effectiveness in media spend by using Saga data to drive greater targeting in digital channels, starting with insurance in 2020



Cross-sell

 Introducing customers to other Saga products and services by using data to personalise customer journeys as part of 2021

Continuing to build and protect our data

- Capturing additional data regularly online to strengthen
 and update our customer view
 - Continue to ensure trusted, safe, secure data

Digital transformation focus on accelerating growth of online customer channels



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Features

71

Dining

Saga Offers

2

Partner offers

0

Prize Draws

Introduce a friend

SAGA

88



2m unique visits a month across Saga's online platforms



1m customers signed up for the first version of membership proposition



Simplify online experience for all customers in early 2021



Redesign of website in early 2021



Launch new features - self-service, redesigned app from September 2020



Development of single digital customer hub for travel, insurance, personal finance in 2021

Our brand relaunch will mark a major change in how we communicate the Saga brand

- We will strengthen the Saga brand, drawing from Saga's heritage in a way which reflects today's consumer attitudes
- Our new multi-year creative platform launching in 2021 will unify the different parts of Saga, attract new customers to the brand and improve the effectiveness of marketing spend



Building much broader appeal of Saga's brand will be a key enabler of customer growth

Target audience feedback on Saga campaign Key benefits associated with growing brand concept in research strength 'Saga was off-putting because it is for older people than Drive direct traffic and improve conversion me - not worth looking at them, but this changes the rates image - aimed at younger retired 70 year olds - me!' Reduced price sensitivity 'for retirees with an 'that hits the nail on adventurous spirit' the head' Stronger brand loyalty 'younger people think we are boring, but we want excitement and to push the boat out'

'Saga knows what works for their demographic, so I would get a better experience'

Source: X-Marks the Spot research quotes, June 2020

Increases return on investment of BAU

marketing spend
Saga Magazine provides unique advantage to build brand engagement as part of relaunch



In summary, the focus on data, digital and brand will drive benefits for customers and Saga





Cheryl Agius CEO Insurance

Reflections 8 months on

Investing in core foundations whilst managing through COVID-19 pandemic

Managing through COVID-19	 Continued with stable financial performance despite COVID-19 headwinds on Travel Insurance Reset our travel insurance cover with COVID-19 coverage including cancellation cover Colleagues' protected and shift to home working Telephony technology in place to enable full remote working Remained open to new business and existing business Supported customers through COVID-19 with normal call answer rates throughout period
Progress on delivery & performance	500k three-year fixed price policies in force at 31 July Strong reinsurance strategy including securing reinsurance solution for 3 year fixed price product Increased retention and policy growth Maintained underwriting discipline with stable margins period on period Continued positive experience in large personal injury claims
Progress on Strategic Priorities	Simplified our business and aligned the management team under one leadership Optimised and building distinctive propositions for each channel Progress on our Risk Pricing capabilities, technology and additional data points Delivering on core digital & technology capability

We are delivering against the principals setout in April 2019

Growing our direct sales through



Distinct, targeted proposition – 3YFP results one year in demonstrate that we win when we differentiate. COVID-19 Travel cover launched. More innovation is underway with launch in H2



Building greater brand salience – SAGA NPS is improving and brand relaunch is ready and a key next step

Becoming more efficient – operations cost per policy has reduced by 4% per this year to £12, driven by technology, robotics and simplifying our organisational structure





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Our customers want certainty Fixed Price Motor & Home was launched in April 2019



Source: Saga customer survey

Our distribution focus will continue to be direct, with PCWs used to selectively win new customers in our chosen growth segments

Focus on Direct for our target customers, understanding and building deeper and broader relationships

- Continue to build brand salience and optimise high-value direct propositions (e.g. 3 year fixed price)
- Modernise our marketing, reaching more of our customers through digital communications
- Utilising our new insurance platform (Guidewire) to develop market leading cross-sale and increased multi-product holdings
- Engagement strategy to promote the features and benefits of Saga and build broader and longer relationships with these customers

Accessible in PCWs selectively win new customers to Saga through PCWs

 Launching a new cover level for motor insurance in Q4 designed specifically for Saga's to compete more effectively to acquire more of our target customers who are using PCWs and create clear delineation between Saga PCW and direct offerings.

Strategic priorities are to build broader and longer relationships with our customers

Broader re with our c					
Moving towards a broader and deeper	PHASE 2 Distribution Excellence	PHASE 2 Sustainable Growth			
relationship with customers that is more than Saga being just their motor/ home insurer	PHASE 1 Core Product, Customer Experience & Expanded Customer Insight	PHASE 2 Value, Margin and Retention Growth	Increased		
PHASE 1 Technology, Data & Pricing Foundations	A proposition so good that customers won't want to leave and Saga can command a premium based on the value provided Phase 1 - complete our core foundation transformation				
	clear set of priorities which will drive our customers	a broader			

Phase 1 of transformation in our core business foundations is already underway and will remain our clear focus for the next 12 months



Phase 2 of our transformation will focus on sustainable growth and digital first leveraging of our deep customer insights

Broader rel with our cu					
Moving towards a broader and deeper	 PHASE 2 Distribution Excellence Leverage big data to simplify and personalise online journeys Transform digital marketing and optimise customer journey 	 PHASE 2 Sustainable Growth Launch tailored Health, Wealth & Protect propositions Reward loyalty and tenure through experience and proposition One integrated journey across SAGA 			
relationship with customers that is more than Saga being just their motor/ home insurer	 PHASE 1 Core Product, Customer Experience & Expanded Customer Insight Organisational structure Innovate in our core markets Deploy online capabilities 	 PHASE 2 Value, Margin and Retention Growth Digital distribution and servicing platform to drive efficient and seamless customer experience Build capability in house to share in value chain where it makes sense 	Increased		
PHASE 1 Technology, Data & Pricing Foundations	A proposition so good that customers won't want to leave and Saga can command a premium based on the value provided				
 Replatform legacy systems Create data infrastructure Enrich data and embed machine learning in pricing 		e foundation transformation clear set of priorities which will drive our customers	a broader		



- 1. Strong business results, operational excellence and product innovation through Covid
- 2. Underlying business performance in line with expectations with initial indications of positive return to growth
- 3. Good progress in direct with strong uptake on 3-year fixed price
- 4. Execution of Phase 1 of core transformation well progressed
- 5. Phase 2 of our initiatives underway



Euan Sutherland Chief Executive Officer

Travel prepared for confident return to service

Cruise

- Prioritising a safe return to service with strong proposition from late autumn 2020.
 - Modern, technologically advanced fresh air airconditioning, ionisation and UV capability
 - Smaller size social distancing, realistic capacity management
 - Advanced guest protection pre-testing, double medical team, isolation deck provision
 - End to end bubble home to ship to home
 - UK to UK voyages means no fly risk
- Spirit of Adventure delivery Sept 2020.
- Retention and 2021 bookings strong
 - confidence in metrics established with Spirit of Discovery (load factors, per diems, profit per ship)
- Extending proposition to river cruise from 2021

Tour Operations

 Resetting Tour Operations – smaller, high quality product portfolio, consistent with cruise offer planned to resume early 2021



Strategic Travel transformation to deliver sustainable growth in a COVID-19 world



service

Delivering on the Cruise transformation promises



Refocused Tour Operations portfolio reaches a wider customer base

- Changing leadership, priorities, and experimentation lost focus on core audience and Saga DNA aligned with poor creative propositions.
- Saga Holidays reset completed over the summer 2020 with new season 2021 launch September
- Reset built on 5 pillars
 - Commitment to quality
 - New product development
 - Disciplined marketing
 - Digitalisation
 - Simple & low cost
- We have designed our travel propositions specifically
 - Saga Holidays focusses on worldwide travel experiences for our core audience
 - Titan focusses on growing escorted and longhaul touring for a younger audience
- The multi-brand model gives customers great choice while building on group synergies



Saga Holidays 2021 Season Launched

- Delivers the new brand promise, consistent with cruise quality, additional peace of mind reassurance in a COVID-19 world.
- Inspiring holidays at value for money, returns Saga to its heritage while being relevant to 2021 customer.
- Launch of new Saga river cruise offer Spirit of the Rhine (March 2021)
- 3 collections
 - World Collection
 - River Cruising
 - Europe, North Africa & UK
- Marketing plan includes 1.8m customers Sept 20



Tour Operations Relaunch Principles





The leadership team have a relentless focus on delivery



How will we measure success?

		Target	
Insurance	Retention	>80%	Over time
	Motor and Home policies	3% growth	From 2020/21
	Home & Motor margins	Stable	Over time
	Underwriting	COR 97%	By 2021/22
Travel	Cruise	£40m EBITDA per ship	Post COVID-19
	Tours	4% revenue growth	Post COVID-19
Central costs	Sustainable savings	£20m	In year 2021/22
	Data, digital and brand investment	£10m per year	Self funding in 2022/23
Capital	Cash conversion	85%	2022/23 onwards
	Leverage	<3.5x	End of 2023

Capital raise – practical considerations

Transaction summary

- £150m gross proceeds
- Non pre-emptive 20% placing to Roger De Haan at 27p
- Open offer and conditional placing at discount
- Open offer and placing is fully underwritten by JP Morgan, Numis and HSBC
- All elements of the capital raise are subject to shareholder approval
- Proposed share consolidation of 15 to 1 to occur approximately one week after settlement

Expected timetable

10 September 2020

- Interim results
- Publication of prospectus

2 October 2020

• General Meeting held

5 October 2020

• Admission of new shares

Conclusion

Clear strategic plan to improve and modernise the business



- People and culture reset
- Data, digital and brand transformation
- Optimising core businesses
- Operating from a lower cost base
- Reducing debt

Building a track record of good execution

- Strengthened management team and cultural transformation
- Non-core disposals completed; simpler and more efficient business
- Fast and comprehensive response to COVID-19

A fundamentally stronger proposition



- Strengthened business with a greater quality of earnings
- Demographic story remains very positive
- Brand promise of trust and reliability is amplified







HY 2020 Total Group Motor Reduction in Best Estimate Claim Costs by Accident Year



Accident Year

Saga plc consolidated income statement

	6m to Jul 20	Growth	6m to Jul 19
Revenue	£192.4m	(51.4%)	£395.9m
Underlying Profit Before Tax			
Total Retail Broking (earned)	£42.0m	(14.8%)	£49.3m
Underwriting	£28.0m	31.5%	£21.3m
Total Insurance	£70.0m	(0.8%)	£70.6m
Travel	(£34.2m)	(4,375.0%)	£0.8m
Other Businesses and Central Costs	(£11.3m)	7.4%	(£12.2m)
Net finance costs	(£8.6m)	(34.4%)	(£6.4m)
	£15.9m	(69.9%)	£52.8m
Net fair value gains on derivatives	£1.9m		£2.3m
Profit on disposal / (impairment) of assets	£4.5m		(£0.3m)
Restructuring costs	(£28.3m)		(£2.2m)
Net profit on disposal of businesses	£10.3m		-
Impairment of Travel goodwill	(£59.8m)		-
(Loss)/profit before tax	(£55.5m)	(205.5%)	£52.6m
Tax expense	(£1.6m)	76.5%	(£6.8m)
(Loss)/profit after tax	(£57.1m)	(224.7%)	£45.8m
Basic earnings per share:			
Underlying earnings per share	2.2p	(46.3%)	4.1p
Earnings per share	(5.1p)	(224.4%)	4.1p

Insurance underwriting income statement

		6m to Jul 20	Quota Share	Underlying	Growth	Underlying 6m to Jul 19
Net earned premium		£26.6m	(£65.9m)	£92.5m	(3.5%)	£95.9m
Other revenue		£1.9m	£2.1m	(£0.2m)	(133.3%)	£0.6m
Revenue	Α	£28.5m	(£63.8m)	£92.3m	(4.4%)	£96.5m
Claims costs	В	(£22.8m)	£56.4m	(£79.2m)	6.3%	(£84.5m)
Reserve releases	С	£25.4m	(£1.6m)	£27.0m	50.0%	£18.0m
Other cost of sales	D	(£2.7m)	£6.8m	(£9.5m)	(8.0%)	(£8.8m)
	E	(£0.1m)	£61.6m	(£61.7m)	18.1%	(£75.3m)
Gross profit		£28.4m	(£2.2m)	£30.6m	44.3%	£21.2m
Operating expenses	F	(£1.8m)	£3.3m	(£5.1m)	(54.5%)	(£3.3m)
Investment return		£1.4m	(£2.1m)	£3.5m	(20.5%)	£4.4m
Quota share net cost		_	£1.0m	(£1.0m)	0.0%	(£1.0m)
Underlying Profit Before Tax	(£28.0m	-	£28.0m	31.5%	£21.3m
Reported loss ratio	(B+C)/A	(9.1%)		56.6%	(12.3%)	68.9%
Expense ratio	(D+F)/A	15.8%		15.8%	3.3%	12.5%
Reported COR	(E+F)/A	6.7%		72.4%	(9.1%)	81.5%
Pure COR	(E+F-C)/A	95.8%		101.6%	1.5%	100.1%
Number of earned policies				386k	(4.0%)	402k

Travel income statement

	6	m to Jul 2020	C		6	m to Jul 2019	9
	Tour Operations	Cruising	Total Travel	Growth	Tour Operations	Cruising	Total Travel
Revenue	£33.0m	£16.3m	£49.3m	(77.5%)	£176.9m	£42.1m	£219m
Gross profit	-	(£3.4m)	(£3.4m)	(108.5%)	£31.2m	£8.8m	£40.0m
Marketing expenses	(£3.8m)	(£2.9m)	(£6.7m)	61.0%	(£9.7m)	(£7.5m)	(£17.2m)
Other operating expenses	(£14.9m)	(£4.0m)	(£18.9m)	9.1%	(£17.2m)	(£3.6m)	(£20.8m)
Investment return	-	-	_	(100.0%)	£0.2m	-	£0.2m
Finance costs	(£0.1m)	(£5.1m)	(£5.2m)	271.4%	(£0.3m)	(£1.1m)	(£1.4m)
Underlying (Loss)/Profit Before Tax	(£18.8m)	(£15.4m)	(£34.2m)	(4,375.0%)	£4.2m	(£3.4m)	£0.8m
Ave. Revenue per passenger	£2,750	£2,717	£2,739	18.8%	£2,106	£3,827	£2,305
Holidays passengers ('000)							
Stays	7		7	(79.8%)	34		34
Tours	5		5	(83.3%)	30		30
River cruise	-		-	(100.0%	15		15
Third-party ocean cruise	-		_	(100.0%)	5		5
	12		12	(85.7%)	84		84
Cruise passengers ('000)		6	6	(45.5%)		11	11
Cruise passenger days ('000)		61	61	(57.9%)		145	145
Load factor		83%	83%	1.2%		82%	82%
Per Diems		£241	£241	(5.9%)		£256	£256

Other Businesses and Central Costs

	H1 2020	H1 2019	
Revenue	£9.4m	£15.3m	(38.6%)
Underlying PBT – (OB)	£1.2m	£1.6m	(25.0%)
Central costs	£(13.2)m	£(15.4)m	14.3%
IAS19R	£(1.0)m	£(0.1)m	(>100%)
Net finance costs	£(8.6)m	£(6.4)m	(34.4%)
Underlying loss before tax	£(19.9)m	£(18.6)m	(7.0%)

Other businesses

- Includes the Group's personal finance, and media, mailing and printing businesses
- Closure of Group's Healthcare business after several years of operating a trial
- Decrease in Underlying PBT reflects lower volumes in the Group's printing business

Central costs

- Decrease of £2.2m mainly due to change in recharge methodology, with more costs passed on to business units
- Increase in net finance costs driven by additional debt issue costs incurred due to amendment to the Group's leverage covenants

Other Businesses and Central Costs income statement

	61	m to Jul 2020			6	m to Jul 2019	
-	Other Businesses	Central Costs	Total	Growth	Other Businesses	Central Costs	Total
Revenue							
Personal Finance	£3.3m	-	£3.3m	(13.2%)	£3.8m	-	£3.8m
Healthcare	£1.1m	-	£1.1m	(63.3%)	£3.0m	-	£3.0m
Media	£4.2m	-	£4.2m	(44.7%)	£7.6m	_	£7.6m
Other	-	£0.8m	£0.8m	(11.1%)	-	£0.9m	£0.9m
Total revenue	£8.6m	£0.8m	£9.4m	(38.6%)	£14.4m	£0.9m	£15.3m
Gross profit	£2.6m	£1.7m	£4.3m	(38.6%)	£5.3m	£1.7m	£7.0m
Operating expenses	(£1.4m)	(£13.2m)	(£14.6m)	23.6%	(£3.7m)	(£15.6m)	(£19.3m)
IAS19R pension charge	_	(£1.0m)	(£1.0m)	(900.0%)	-	£0.1m	£0.1m
Net finance costs	_	(£8.6m)	(£8.6m)	(34.4%)	_	(£6.4m)	(£6.4m)
Underlying Profit/(Loss) Before Tax	£1.2m	(£21.1m)	(£19.9m)	(7.0%)	£1.6m	(£20.2m)	(£18.6m)

Cash flow and liquidity

	6m to Jul 2020	Growth	6m to Jul 2019
Retail Broking Trading EBITDA	£44.8m	(16%)	£53.5m
Other Businesses and Central Costs Trading EBITDA	(£5.5m)	23%	(£7.1m)
Trading EBITDA from unrestricted entities	£39.3m	(15%)	£46.4m
Dividends paid by Underwriting business	£12.0m	(25%)	£16.0m
Working capital and non-cash items	(£1.0m)	76%	(£4.1m)
Capital expenditure funded with available cash	(£4.9m)	42%	(£8.4m)
Available operating cash flow before injections to Travel operations	£45.4m	(9%)	£49.9m
Cash injection into Tour Operations	(£46.0m)	(84%)	(£25.0m)
Cruise available operating cash flow	(£22.6m)	(100%)	-
Available operating cash flow	(£23.2m)	(193%)	£24.9m
Restructuring costs paid	(£19.8m)		(£0.6m)
Payments to defined benefit pension scheme and other movements	(£9.0m)		(£2.8m)
Interest and financing costs	(£14.6m)		(£10.3m)
Business disposals	£17.8m		_
Tax payments	(£3.3m)		(£6.6m)
Dividends paid to shareholders	-		(£11.2m)
Change in cash from operations	(£52.1m)	(689%)	(£6.6m)
Change in bank debt	£40.0m		(£10.0m)
Cash at 1 February	£40.9m		£48.7m
Cash at 31 July, excluding ST&H travel ring fenced group and AICL	£28.8m	(10%)	£32.1m

Amended term loan and RCF covenants

- Term loan of £70m, extended to May 2023
- RCF of £100m undrawn
- Covenants tested quarterly if leverage (excluding Cruise) is greater than 4.0x until January 2022
- No plc dividends if leverage (excluding Cruise) is greater than 3.0x
- Included the ability to provide £50m of intercompany loans to Cruise until July 2021, dropping to £25m
- Amendment conditional on minimum equity raise of £125m (net of fees)

Leverage ratio	Interest cover
4.75x	2.50x
4.75x	1.75×
4.75×	1.25×
4.75x	1.25x
4.75x	1.50x
4.50x	1.75×
4.00x	250x
3.00x	3.50x
	ratio 4.75x 4.75x 4.75x 4.75x 4.75x 4.75x 4.75x 4.75x 4.75x 4.70x

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