

12 January 2016
Saga plc
Trading Update

Saga plc ("Saga" or "the Group"), the UK's leading provider of products and services primarily tailored for the over 50s, announces a Trading Update covering the period 1 August 2015 to 11 January 2016.

The Group has delivered on the strategic objectives outlined for the year ending January 2016, including:

- Growth in the core businesses with increased policy numbers across all key insurance lines and increased passenger numbers in the travel business.
- Creation of the motor insurance panel with five insurers (including the Group's underwriting vehicle, AICL) now competing for volume, positioning the Group for further growth in 2016.
- Approval received from the FSC for AICL's Undertaking of Specific Parameters route for Solvency II. Under Solvency II AICL remains well capitalised.
- The launch of Saga Investment Services, the joint venture with Tilney Bestinvest, offering a range of investment and financial planning products, ensuring it is well positioned leading into the end of the 2016 tax year.
- Signature of the final contract with Meyer Werft shipyard for the delivery of a new cruise ship in 2019, with an option for a second to be delivered in 2021.
- The disposal of Allied Healthcare.

With the motor insurance panel now operational and the Group's approach to Solvency II approved, Saga is reviewing the ongoing capital requirements of AICL and considering the options available to reduce underwriting risk and the level of capital currently deployed.

Saga has also reached agreement to acquire tax losses from Acromas SPC Co Ltd and Acromas Mid Co Ltd ("Acromas") with a tax affected value of GBP15.3m. The tax losses will be acquired for a consideration of GBP7.65m, equal to 50% of the tax affected face value. The GBP7.65m tax credit will be recognised by Saga in the financial year ending 31 January 2016. Acromas, as a 31.5% shareholder in Saga, constitutes a related party under the FCA Listing Rules. This announcement is being made in accordance with Listing Rule 11.1.10 R.

Saga will announce its preliminary results for the year ending 31 January 2016 on 19 April 2016.

Lance Batchelor, Chief Executive Officer, said:

"In the second half of the year we have continued to deliver on our strategy and are progressing well across all our key initiatives. Our core businesses are growing, the motor insurance panel is developing well, we have signed the contract to build our new ship and we have launched into the

wealth management market.

Whilst doing all of this we have remained focused on our financial performance and current trading means that we expect to deliver results in line with market expectations for the full year."