

PRESS RELEASE

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Ageas announces exclusive negotiations to strengthen its partnership with UK over 50s specialist Saga

Ageas announces that it has entered into exclusive negotiations with Saga plc, the UK specialist provider of products and services to people aged over 50, to establish a 20-year partnership with Saga Services Limited (SSL) for the distribution of personal lines Motor and Home insurance products to Saga's customers. Alongside this, Ageas would also acquire Saga's Insurance Underwriting business, AICL (Acromas Insurance Company Limited), which together form the Proposed Transaction.

The Proposed Transaction aligns perfectly with Ageas's recently unveiled Elevate27 strategy, to capitalise on its robust Non-Life presence across Europe, while accelerating solutions targeted at an ageing population, a rapidly expanding customer segment where the Group and Ageas UK already has real strength and expertise. Furthermore, it presents Ageas with the opportunity to enhance its position as a leading personal lines insurer in the UK, adding scale to a core European market of the Group. By combining Saga's insights with Ageas UK's personal lines insurance expertise particularly in this customer segment, the partnership offers a unique competitive advantage in the expanding over 50s market.

Under the Proposed Transaction, Ageas UK, a subsidiary of Ageas, would enter into a 20-year Affinity Partnership with SSL, Saga's Insurance Broking business, which distributed in excess of GBP 479 million in Gross Written Premiums (GWP) in the 12-month period ended 31 July 2024 across its motor and home insurance products. The Proposed Transaction represents a total cash payment of GBP 147.5 million, subject to customary completion adjustments, with a potential additional contingent consideration of up to GBP 60 million, subject to meeting agreed policy volumes and profitability targets. Completion of the AICL transaction remains conditional on the signing of definitive transaction documentation and regulatory approvals. As of January 2024, AICL's Own Funds (Unrestricted Tier1) and Solvency Capital Requirement stand at GBP 83 million and GBP 54 million, respectively.

Based on the initial consideration and including capital synergies, the estimated impact on the Ageas Group Solvency is - 5%.

The Proposed Transaction will not affect the Group's current share buyback programme.

Background on Saga

Saga, created over 70 years ago, is a specialist in the provision of products and services for people over 50. The Saga brand is one of the most recognised and trusted in the UK. Saga is known for its high level of customer service and its high-quality, award-winning products and services including cruises and travel, insurance, personal finance and media. (www.saga.co.uk)

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Hans De Cuyper, CEO of Ageas said: *"We eagerly anticipate further strengthening our partnership with Saga, a well-known brand in the UK. This proposed deal aligns seamlessly with the Ageas Group recently launched Elevate27 strategy, which aims to leverage our strong European presence in Non-Life, add scale to our business, and benefit from material capital diversification. This transaction allows us to grow in a market where we already have real strength and expertise. Ageas has a longstanding tradition of successful partnerships, and we are confident that this collaboration with Saga will open new avenues for creating and accelerating profitable growth."*

Ant Middle, CEO of Ageas UK said: *"This proposed deal with Saga aligns perfectly with our strategy to profitably grow in UK personal lines and in creating powerful partnerships to the benefit of our customers. Deepening our relationship with Saga unlocks even more opportunity to increase our competitiveness in a rapidly expanding over 50s customer segment; an area where we already have real strength and expertise. It also draws on our strengths of technical and operational excellence, and customer care, providing more potential for us to leverage the significant investments made in our business over the last three years and offer our expertise in meeting the unique needs of Saga's customers."*

Mike Hazell, CEO of Saga plc said: *"We are hugely excited at the opportunity to grow our home and motor Insurance business through this proposed partnership with Ageas. The coming together of Saga's fantastic brand and Ageas's unrivalled expertise in operating successful affinity insurance partnerships, would create a winning combination. Our joint reputation for delivering exceptional products and services to people over 50 means this partnership would allow us to serve even more customers with great products at excellent value. Saga is a unique business with a long heritage, great people and loyal customers. We have been clear for some time that developing a partnership approach is the right strategy, providing us with a capital-light route to growth and the ability to reduce debt, leading to the creation of long-term sustainable value for all our stakeholders."*

Whilst Ageas and Saga are in exclusive negotiations, the Proposed Transaction remains subject to the parties agreeing binding documentation as well as regulatory approvals, and therefore there is currently no certainty that it will occur. A further announcement will be made in due course, as appropriate.

Proposed terms

Affinity Partnership

- The Affinity Partnership would be for a 20-year term, with the ambition to 'go live' by the end of 2025.
- Ageas UK would pay Saga an upfront consideration of GBP 80 million payable at or around the 'go live' date.
- Additionally, Saga may receive contingent consideration of up to GBP 30 million in 2026 and up to GBP 30 million in 2032, subject to certain policy volume and profitability targets being met.
- SSL would receive commission on the GWP generated over the term of the Affinity Partnership representing the value that SSL will continue to provide through the Partnership.

Ageas acquisition of AICL

- Ageas UK would acquire AICL for a total consideration of GBP 67.5 million, subject to customary completion adjustments.
- Completion of the AICL transaction is targeted in Q2 2025 and is conditional on the signing of definitive transaction documentation and certain regulatory approvals.

Ageas is a listed international insurance Group with a heritage spanning almost 200 years. It offers Retail and Business customers Life and Non-Life insurance products designed to suit their specific needs, today and tomorrow, and is also engaged in reinsurance activities. As one of Europe's larger insurance companies, Ageas concentrates its activities in Europe and Asia, which together make up the major part of the global insurance market. It operates successful insurance businesses in Belgium, the UK, Portugal, Türkiye, China, Malaysia, India, Thailand, Vietnam, Laos, Cambodia, Singapore, and the Philippines through a combination of wholly owned subsidiaries and long-term partnerships with strong financial institutions and key distributors. Ageas ranks among the market leaders in the countries in which it operates. It represents a staff force of about 44,000 people and reported annual inflows of more than EUR 17 billion in 2023.