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FOR IMMEDIATE RELEASE

30 April 2014

Saga

Announcement of intention to float Update on strong current trading Appointment of new experienced independent directors to the Board

Saga Limited (the "Company" and, together with its subsidiaries, "Saga" or the "Group"), today announces its intention to proceed with an initial public offering (the "IPO" or the "Offer"). The Company intends to apply for admission of its ordinary shares ("Shares") to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange (together, "Admission").

Saga is a well-recognised, classic British brand, providing products and services tailored for people aged 50 and over. The Company has been built on high standards of customer care, value for money and talking directly to its customers. The Saga brand embodies those core values today and is one of the most trusted brands among people aged over 50 in the UK.

By focusing on the needs of its customers, Saga has gained a unique insight and an in-depth understanding of the over 50s which has enabled it to expand its business and tailor its products specifically for its customers. Having been initially established as an out-of-season holiday provider in 1950, Saga has successfully broadened its product and service offering so that it now ranges from cruises and holidays, home and motor insurance, savings and share dealing through to the UK's best-selling *Saga Magazine*. Saga also provides domiciliary and primary healthcare services through Allied Healthcare, which is part of the Group.

Saga's focus primarily on the over 50s and the breadth of its products and services is unique in the UK market, making it one of the largest commercial organisations with a focus on the fast-growing and attractive over 50s demographic. Saga's emphasis on customer service and tailored products means that the Group now has over 2.1 million customers and an exclusive Group Marketing Database comprised of 10.4 million people and 8.4 million contactable households in the UK.

The Group has delivered consistent revenue and earnings growth with underlying revenue¹ and underlying EBITDA² having grown at a 4.7% and 7.4% CAGR, respectively, over the last three years. In the year ended 31

January 2014, the Group generated underlying revenue of £1,209.3 million and underlying EBITDA of £222.4 million.

In connection with the IPO, the Company also announces the appointment of Philip Green, Ray King, Orna Ni-Chionna and Gareth Williams as Independent Non-Executive Directors to complement the existing Board.

Andrew Goodsell, Executive Chairman, said:

“What began 60 years ago in a small hotel in Folkestone is today one of Britain’s most trusted and respected companies. This is in huge part due to the hard work and dedication of our employees.

Our customers are at the heart of our brand and I am delighted that they will have an opportunity to become shareholders in the company and to be part of the next stage of our journey.

We have today announced the appointment of Philip Green, Ray King, Orna Ni-Chionna and Gareth Williams to the new Saga plc Board. This industry-leading group of heavy hitters will bring a range of skills and experience to the company and I am very excited about working with them.”

Lance Batchelor, Group Chief Executive, said:

“I joined Saga because I can see a very strong future for this classic British success story. It is a business like few others: world class management; an unmatched brand; excellence in customer service; and a unique bond with customers. This combination of strengths gives Saga significant potential for consistent growth, which the team at Saga is confident this IPO will enhance. We hope many of our customers will become shareholders.

We are committed to improving the lives of those over 50, and to delivering sustainable returns.”

Saga highlights

Focus on serving the attractive and growing over 50s demographic in the UK

- Saga is one of the largest commercial organisations in the UK that offers a range of products and services focused primarily on people aged 50 and over
- The over 50s population is the fastest growing demographic in the UK and is expected to increase from 22.8 million people in 2013 to 29.1 million people by 2033
- The over 50s population is also the most affluent demographic in the UK, controlling approximately 68% of total UK household financial wealth and representing approximately 48% of total UK household expenditure in 2012

A unique and trusted consumer brand

- The Saga brand is synonymous with the over 50s market and is an established name in the UK achieving 96% prompted brand awareness among those aged 50 and over
- Saga is recognised for its high quality products and services, expertise in serving the over 50s market and excellence in customer service

An established and growing Group Marketing Database providing unique customer insight

- Saga’s Group Marketing Database contains over one billion lines of highly relevant data relating to approximately 10.4 million contactable individuals and 8.4 million contactable households in the UK
- Approximately 400,000 net new names have been added to the Group Marketing Database each year on average from 31 January 2009 to 31 January 2014
- Saga generates unique customer insight through 60 years of customer dialogue and through broad and regular surveys, which allow it to identify new opportunities for innovative product development in areas that appeal to its customers

Tailored products and a focus on service, providing high levels of customer satisfaction

- Saga uses its knowledge and understanding of its target demographic to tailor its products and services to its customers' increasingly complex needs
- By putting customer service at the heart of its organisation, the Group maintains high levels of customer satisfaction and has consistently won awards for its products and services from various independent consumer and industry awards organisations

Flexible business model and forensic analysis of the value chain

- Saga maintains a flexible business model which has allowed it to generate strong underlying EBITDA growth by responding to changes in the commercial opportunities across its existing and potential product portfolio
- The Group's flexible approach to the provision of its products, whether direct or in partnership with a third-party, has enabled it to choose the parts of the value chain where it competes, delivering significant value to both Saga and its customers
- The Group conducts a thorough examination of the value chain to understand where cost is distributed and where value lies to ensure Saga and its customers secure best value

Sophisticated and data-led approach to insurance pricing and risk selection, claims management strength and underwriting expertise have driven outperformance versus the industry

- Saga underwrites approximately 95% of its motor insurance policies itself, while its home insurance policies are underwritten through a panel of third party underwriters, as well as its in-house underwriting function
- The Group maintains industry-leading loss ratios³ through predictive pricing, careful selection of risk and claims management excellence

Focus on efficiency

- Saga's integrated business model achieves significant operating efficiency through best-in-class customer acquisition costs⁴, increasing customer value over time, and continual pursuit of operational excellence
- This is supported by leveraging the Group Marketing Database to deliver targeted marketing, product cross sales and multi-product holdings
- Saga's customer acquisition cost ratios of 7.6% for home insurance and 5.6% for motor insurance compare favourably to the UK market averages of 30.2% and 12.3%, respectively

Consistent financial performance underpinned by significant repeat business

- Saga benefits from high quality revenue streams and significant levels of repeat business which have underpinned its resilient revenue and earnings growth through the economic cycle
- Approximately 88% of Saga's customers as at 31 January 2014 were repeat buyers, having purchased their first Saga product more than one year prior to that date

Strong cash flow generation and cash conversion rates

- Saga has achieved attractive underlying EBITDA margins of 18% over the last three financial years
- The Group's underlying cash conversion ratio was 88% in the year ended 31 January 2014. The Group's businesses require low levels of maintenance capital expenditure and have favourable working capital dynamics, reflecting upfront payment by customers for most of its products and services

Experienced and proven management team

- Saga has built an experienced senior management team that has been integral to the development and growth of its businesses
- Saga's Executive Chairman, Andrew Goodsell, and its Chief Financial Officer, Stuart Howard, have been with Saga for 22 years and 14 years, respectively

- This team has been further strengthened with the appointment of Lance Batchelor as Group Chief Executive in March 2014, previously CEO of Domino's Pizza Group plc, who brings significant digital CRM skills and direct marketing expertise to enhance Saga's data-driven approach
- They are supported by a strong senior management team comprised of five divisional CEOs (Darryn Gibson, Tim Pethick, Roger Ramsden, David Slater and Andrew Strong) with over 29 years' combined experience at Saga

Strategy and opportunities for further growth

- Continue to develop the Saga brand and grow the Group Marketing Database
- Continue to deliver exceptional customer service and a unique customer experience
- Increase the multi-product holdings of existing customers and increase conversion rates of new customers
- Develop new and expand existing products and services tailored for the over 50s market
- Expand into other business areas, such as wealth management and private homecare, as opportunities present themselves and as customer needs change over time

2015 YTD trading and full year expectations for 2015

- In the 2 months to 31 March 2014, the Financial Services, Travel and Healthcare segments have performed strongly with revenue ahead of our expectations
- As a result, the Board remains confident on the outlook for the full financial year ending 31 January 2015 and the Group's longer term prospects

Offer highlights

- Intention to list on the premium segment of the Official List
- The Company refinanced its financial indebtedness in April 2014, putting in place new term loan facilities in an aggregate amount of £1.25 billion and a multicurrency revolving credit facility in an aggregate amount of £150 million
- Net proceeds from the primary offering of approximately £550 million will be used to reduce net debt to approximately £700 million immediately following Admission
- Acromas Bid Co Limited (the "Selling Shareholder"), which is a wholly owned subsidiary of Acromas Holdings Limited ("Acromas"), is expected to sell a proportion of its shareholding in the Offer. Acromas is owned and controlled by Charterhouse, CVC, Permira, employees of the Group and other investors
- The Company and the Selling Shareholder intend to target a free float of at least 25%
- The Offer by the Company and the Selling Shareholder will comprise:
 - An offer of Shares to retail investors in the UK, the Channel Islands and the Isle of Man (the "Retail Offer") to enable Saga's employees, existing and prospective customers, along with other retail investors in the UK, to become shareholders in the Company pursuant to:
 - An offer of Shares to the Group's Eligible Customers⁵ (the "Customer Offer");
 - An offer of Shares direct to retail investors (the "Non-Customer Offer");
 - An offer of Shares to qualifying financial intermediaries for onward distribution to underlying applicants (the "Intermediaries Offer"); and
 - An offer of Shares to Eligible Employees of the Group (the "Employee Offer")
 - An offer of Shares to institutional investors in qualifying geographies (in the UK and elsewhere outside the United States in reliance on Regulation S and to QIBs in the United States in reliance on Rule 144A) (the "Institutional Offer")

- Eligible Customers as of today's announcement who acquire Shares in the Customer Offer and Eligible Employees who acquire Shares in the Employee Offer will receive one Free Share for every 20 Shares acquired in the Customer Offer or in the Employee Offer (as applicable) and held for a continuous period of one year, subject to certain conditions to be described in the Prospectus
 - Applications made in the Customer Offer and the Employee Offer will be given preference over applications made in the Non-Customer Offer and the Intermediaries Offer
 - The same allocation policy will apply to all Non Eligible Customers whether they apply through an Intermediary or directly to the Company
- The minimum eligible application size in the retail offer will be £1,000⁶
- Following Admission it is anticipated that Saga will be included in the FTSE UK Index Series and, given the breadth and continually expanding range of services offered under the Saga brand, within the Specialised Consumer Services sub-sector of the Index

Dividend policy

- The Board intends to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. The Board's current intention is to target an initial dividend payout ratio of approximately 40-50% of the Group's net income (excluding the impact of extraordinary or one-off items) split one-third and two-thirds between an interim and final dividend, respectively
- The first dividend to be paid by the Company will be a pro-rata dividend in respect of the financial year ending 31 January 2015, which will be paid in June 2015 and determined by applying Saga's dividend policy described above to the full year to 31 January 2015 and pro-rating the dividend for the proportion of the year that follows Admission

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Saga business overview and history

Saga is a leading provider of products and services primarily tailored for customers over the age of 50 in the UK. The Saga brand has been carefully developed over the past 60 years to become one of the most recognised and trusted brands among UK consumers aged over 50. Saga is synonymous in the UK with the over 50s market and is recognised for its high quality products and expertise in serving the over 50s market and excellence in customer service.

Initially established as a holiday provider in 1950, Saga has successfully capitalised on the strength of its brand and reputation to broaden its product offering over time, making it today a leading provider of high quality travel, financial, healthcare and media products and services, and the only commercial organisation of scale with a focus primarily on the fast growing over 50s demographic.

Having spent its first 30 years focused on travel, Saga launched Saga Magazine and developed insurance and financial services offerings in the 1980s, introduced private medical and pet insurance offerings and launched its own cruise ship operation in the 1990s and expanded its travel offering to include Titan Travel escorted tours in the late 2000s. Since 2010, and in reaction to growing customer demand, the Group has expanded into healthcare through the acquisition of a number of domiciliary and homecare businesses. The strength of the Saga brand offers the Group the potential to expand into other business areas as opportunities present themselves and as customer needs change.

Saga's brand recognition and excellence in customer service have enabled Saga to expand its product offering successfully, achieve high levels of repeat business and acquire new customers without needing to rely heavily on costly third-party advertising or other promotional activity. Saga's brand and the strength of its relationships with its customers are at the core of the Group's business philosophy.

By selling its products and services directly to customers through its contact centres in the UK and over the internet, Saga captures information about its customers at every point of contact and tracks changes in their behaviour over time, which enables it to build highly personalised and direct customer relationships. This, in turn, allows Saga to model accurately customer propensities which drive its marketing, pricing and product development strategies.

Its multiple customer interactions across a broad range of products and services over many years has enabled Saga to develop a sophisticated proprietary Group Marketing Database containing detailed information for approximately 10.4 million contactable names and 8.4 million contactable households in the UK. Saga estimates this covers over 50% of over 50s households and more than 60% of the over 50s ABC1 households in the UK⁷. Saga uses the Group Marketing Database to operate an effective, integrated direct marketing business model with relatively low customer acquisition costs. The size of Saga's Group Marketing Database and its primary focus on the over 50s, combined with its knowledge and understanding of its customers, give Saga the ability to provide products and services designed to meet its customer needs which, in turn, improves Saga's cross-selling and up-selling potential within and across its different business segments. As at 31 January 2014, the Group had active customers from 2.1 million individual households, with each Saga customer holding, on average, 2.7 Saga-branded products.

The combination of Saga's unique and trusted brand, its primary focus on the over 50s, the depth of its customer insights and data, its tailored services and added value products, coupled with its analysis of the value chain, its focus on operating efficiency and its flexible business model, together form the intrinsic "DNA" of the Saga business. The unique model that Saga operates, with a business centred around the power of its brand and multi-product provision, rather than on a single product segment, has allowed it to achieve sustainable growth, delivering robust performance in recent years. Saga has also grown the Group Marketing Database from 4.8 million contactable households in 2002 to 8.4 million contactable households today.

Three year financial track record

£ millions, unless stated otherwise	Financial year ended 31 January			CAGR
	2012	2013	2014	2012-2014
Number of contactable households (m) ⁽¹⁾	7.9	8.2	8.4	3.6%
Underlying revenue	1,103.5	1,253.9	1,209.3	4.7%
Underlying EBITDA	192.7	213.7	222.4	7.4%
<i>Underlying EBITDA margin (%)</i>	<i>17.5%</i>	<i>17.0%</i>	<i>18.4%</i>	

Note: Unaudited financial information for the three years ended 31 January 2014

(1) Households included in the Group Marketing Database

2015 YTD trading and full year expectations for 2015

- In the 2 months to 31 March 2014, the Financial Services, Travel and Healthcare segments have performed strongly with revenue ahead of our expectations
- In line with our expectations, Financial Services revenue is lower than the same period last year as the lower market premium levels experienced in Motor in the prior year continue to pass through into the first quarter of the current financial year
- Within the Travel segment, trading has been strong with revenue on confirmed bookings up compared to the same period last year
- Within the Healthcare segment, trading has been in line with our expectations as the benefits of streamlined policies, processes and systems have begun to show through. In April 2014, the Healthcare business was awarded a contract with Kent County Council, its largest contract win to date. Under the terms of the contract, the business will provide 32% of the total hours available, increasing the number of hours of care delivered per week in the county from 4,400 up to 13,800
- As a result, the Board remains confident on the outlook for the full financial year ending 31 January 2015 and the Group's longer term prospects

Key strengths

Focus on serving the attractive and growing over 50s demographic in the UK

Saga is one of the largest commercial organisations in the UK offering a range of products and services for people aged 50 and over. The over 50s population is the fastest growing, most affluent and one of the most influential demographics in the UK, with increasingly complex needs due to longer periods in retirement and increased spending on leisure, culture, food, recreation and health. According to the UK Office for National Statistics, the over 50s population comprised 22.8 million people in 2013, representing approximately 36% of the total population in the UK, and is expected to increase by approximately 30% to 29.1 million people by 2033, representing approximately 40% of the total population of the UK.

In addition, the over 50s demographic represents a disproportionate percentage of the UK's total private wealth, household income and expenditure. For example, the over 50s control approximately 68% of total UK household financial wealth, and approximately 75% are homeowners. The over 50s population also represented approximately 48% of total UK household expenditure in 2012.

The Directors believe that Saga's extensive experience, unique customer insights and understanding of the increasingly complex needs of people aged 50 and over provide it with a distinct competitive advantage that will allow it to capitalise on these attractive demographic trends.

A unique and trusted consumer brand

The Saga brand has been carefully developed over the past 60 years to become one of the most widely recognised and trusted brands among consumers over the age of 50 in the UK. In the UK, the Saga brand is synonymous with the over 50s market and is an established household name. The Saga brand achieves 96% prompted brand recognition among over 50s surveyed, according to a YouGov survey carried out in October

2013⁸, and 66% spontaneous brand awareness among its target ABC1 social class, according to an Ipsos Mori survey carried out in February 2014. The Saga brand is recognised for its high quality products and services, expertise in serving the over 50s market and excellence in customer service.

Saga has successfully leveraged the strength of its brand and reputation to broaden its product offering over time, developing into a leading provider of a range of high quality products and services across the travel, financial services, healthcare and media sectors, and the only provider operating in all of these sectors offering a range of products and services for consumers over the age of 50 in the UK.

The breadth of brand recognition as well as trust, loyalty and brand advocacy generated by Saga's products and customer service have enabled Saga to expand its product offering, achieve high levels of repeat business and acquire new customers without needing to rely heavily on costly or extensive third-party broadcast advertising campaigns across the majority of its business.

An established Group Marketing Database providing unique customer insight

Saga's Group Marketing Database contains over one billion lines of highly relevant data relating to approximately 10.4 million contactable individuals, and 8.4 million contactable households, covering over 50% of over 50s households and over 60% of over 50s ABC1 households in the UK. Saga successfully grew the Group Marketing Database from 4.8 million contactable households in 2002 to 8.4 million contactable households today, representing a CAGR of 4.9%. On average, approximately 520,000 new names and 400,000 net new names have been added to the Group Marketing Database each year from 31 January 2009 to 31 January 2014. The Group Marketing Database is exclusive to Saga.

Saga generates customer insight through 60 years of customer interaction and by utilising tools such as polls of over 10,000 people over 50 every month. This customer insight helps Saga to identify new commercial opportunities for innovative product development. Saga's data analysts are then able to leverage the Group Marketing Database to perform sophisticated analysis such as customer segmentation, targeting and propensity modelling in order to introduce these products and services to customers in a highly efficient manner. Of the 616,000 new names added to the Group Marketing Database in 2004, 44% have since purchased a Saga product. In addition, 75% of the products sold in the year ended 31 January 2014 were to customers who were added to the Group Marketing Database more than 10 years ago.

Saga believes the size of the Group Marketing Database and the unique customer insight it provides are key competitive advantages.

Tailored products and a focus on service, providing high levels of customer satisfaction

Saga uses its knowledge and understanding of the over 50s demographic to tailor its products and services specifically to the increasingly complex needs of its customers. Saga also has a strong institutional focus on excellence in customer service as the Directors believe that a commitment to high-quality, personalised customer service is key to achieving repeat business, along with new customer referrals, particularly in the over 50s demographic.

The Group achieves high levels of customer satisfaction and has consistently won awards for its products and services from various independent consumer and industry awards organisations. In 2013, Saga received over 30 awards including: Which? 2013 Recommended Provider of Motor Insurance, Travel Insurance and Breakdown Assistance; Defaqto 5 star rated Home Insurance, Motor Insurance, Travel Insurance, Caravan Insurance, Breakdown Assistance, Health Insurance, Home Emergency and Motor Legal Expenses; Moneywise Trusted Provider of Car Insurance and Travel Insurance; and The 50+ Awards Best UK Holiday Provider, Overseas Holiday Provider and Tour Operator.

Flexible business model and forensic analysis of the value chain

Saga maintains a flexible business model which has allowed it to generate strong underlying EBITDA growth by responding to changes in the commercial opportunities across its existing and potential product portfolio. For

example, its primary source of new names on the Group Marketing Database has evolved over time from travel to motor insurance to other insurance.

The Group's flexible approach extends to the design and manufacture of its products, ranging from developing and manufacturing its products "in-house", to branding third party white-label products, to acting as broker for third party products. Once Saga has identified a product that may benefit customers, it conducts an examination of the value chain to understand where cost is distributed and where value lies. When the Group identifies value opportunities, Saga has the flexibility to decide whether it will provide the product itself or in a partnership, and then applies its analysis of cost and returns in the value chain in its negotiations with suppliers. Importantly, Saga always ensures it retains access to all relevant information generated by its customer interactions to ensure that it understands further potential opportunities.

This flexibility helps to ensure Saga and its customers secure best value.

Sophisticated and data-led approach to insurance pricing and risk selection, claims management strength and underwriting expertise have driven outperformance versus the industry

The Group sells Saga branded insurance policies in the motor, home and other insurance sectors. Saga underwrites approximately 95% of its motor insurance policies itself, through the Group's insurance underwriting function. Saga's home insurance policies are underwritten through a panel of underwriters including Saga's own in-house underwriting function.

The Group maintains industry-leading loss ratios through predictive pricing, careful selection of risk and claims management excellence. Saga's dedicated actuarial teams utilise data intensive analysis of its extensive proprietary claims and customer data to generate highly predictive pricing models that respond quickly to changes in customer price sensitivity.

In addition, the group manages risk carefully by focusing on lower risk customers combined with detailed analysis of individual customer data and the application of stringent underwriting criteria. Saga's underwriting entity's presence on the panel for its home business gives Saga the flexibility to increase or decrease its level of underwriting based on market terms, and maintains competitive tension across its panel underwriters.

Where claims are made, Saga's effective claims cost control capabilities support its industry leading loss ratios and have allowed for strong claims reserve releases in recent years. These capabilities are supported by a claims handling process that looks to provide high customer satisfaction while minimising cost per customer.

Focus on efficiency

Saga's integrated business model achieves significant operating efficiency through best in class customer acquisition costs, increasing customer value over time, optimal pricing strategies and operational excellence.

Saga's Group Marketing Database allows it to deliver targeted marketing, product cross sales and multi-product holdings to generate best-in-class customer acquisition costs and increased customer value over time. As at 31 January 2014, an active Saga customer held on average 2.7 Saga-branded products in total. In addition, Saga's customer acquisition cost ratios for home insurance and motor insurance were 7.6% and 5.6% respectively, in 2012, defined as acquisition expenses divided by earned premiums. This compares to an average of 30.2% and 12.3% for the respective UK home insurance and UK motor insurance markets.

Saga also optimises pricing through real time elasticity testing, carefully designed pricing strategies and the sale of ancillary products and add-ons. Saga utilises customer profiling, analysis of historical data and market dynamics to inform its pricing decisions which has yielded pricing advantages over time. Saga also ensures any price movements are synchronised with its marketing activities and continually reviews its range of ancillary products and add-ons, such as legal expenses cover and personal accident cover, which drive pricing enhancements and deliver incremental revenues.

Consistent financial performance underpinned by significant repeat business

Saga benefits from high quality revenue streams and significant levels of repeat business, which have underpinned its resilient revenue and earnings growth through the economic cycle. As at 31 January 2014, approximately 88% of Saga's active customers were repeat buyers, having purchased their first Saga product more than one year prior to that date. Of the customers who booked a Saga holiday in the year ended 31 January 2014, approximately 80% were repeat bookings. For home and motor insurance customers, Saga's annual retention rate was approximately 75% in the year ended 31 January 2014.

Strong cash flow generation and cash conversion rates

Saga achieved attractive underlying EBITDA margins of 18% in the year ended 31 January 2014 as a result of its high levels of repeat business, lower marketing costs, thoughtful pricing, effective fraud prevention at the point of sale and claim stages, and careful risk selection and underwriting. Saga has a high underlying cash conversion ratio (being underlying available cash flow from operating activities of £196.7 million in the year ended 31 January 2014 divided by underlying EBITDA) which was 88% in the year ended 31 January 2014. This is attributable to Saga's favourable working capital dynamics, which result primarily from the fact that the majority of its travel and financial services customers pay for its products and services in advance of Saga's contractual obligations to pay its suppliers becoming due, and the fact that Saga's businesses require low levels of maintenance capital expenditure.

Experienced and proven management team

Saga has built an experienced senior management team that has been integral to the development and growth of its businesses, with a combined experience of more than 36 years with Saga. Saga's Executive Chairman, Andrew Goodsell, and its Chief Financial Officer, Stuart Howard, have been with Saga for 22 years and 14 years, respectively. Lance Batchelor was appointed Group Chief Executive in March 2014, having previously served as CEO of Domino's Pizza Group plc, a FTSE 250 company. Saga's management team has contributed to Saga's robust financial performance and successfully overseen the creation and organic development of Saga's financial services segment, its various acquisitions and the development of its cross-selling capabilities. Saga's senior management team also led the acquisition of the AA in 2007, led and operated it since that time and recently finalised its separation from the operations of the Group such that the AA Group now stands alone with a separate executive management team.

Strategy and opportunities for further growth

Saga intends to further strengthen its brand positioning to ensure that it continues to resonate with its customers and to grow the number of contactable households on its Group Marketing Database. Saga intends to continue to drive growth by increasing the cross-selling of its products to its existing customers through targeted customer-focused marketing and by tailoring its products to its customers' needs. The Directors intend to continue to utilise Saga's knowledge and understanding of the over 50s market, and its brand affinity, to introduce new tailored products and services and to expand into other business areas as opportunities present themselves. The Company continually evaluates brand extension opportunities and has identified the wealth management and private homecare markets as examples where Saga could successfully tailor and deliver product and service offerings to meet the needs of over 50s.

Details of the Offer

- Intention to list on the premium segment of the Official List
- The Company refinanced its financial indebtedness in April 2014, putting in place new term loan facilities in an aggregate amount of £1.25 billion and a multicurrency revolving credit facility in an aggregate amount of £150 million
- Net proceeds from the primary offering of approximately £550 million will be used to reduce net debt to approximately £700 million immediately following Admission

- Acromas Bid Co Limited (the "Selling Shareholder"), which is a wholly owned subsidiary of Acromas Holdings Limited ("Acromas"), is expected to sell a proportion of its shareholding in the Offer. Acromas is owned and controlled by Charterhouse, CVC, Permira, employees of the Group and others
- The Company and the Selling Shareholder intend to target a free float of at least 25%
- The Offer by the Company and the Selling Shareholder will comprise:
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 - An offer of Shares to institutional investors in qualifying geographies (in the UK and elsewhere outside the United States in reliance on Regulation S and to QIBs in the United States in reliance on Rule 144A) (the "Institutional Offer")
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 - Applications made in the Customer Offer and the Employee Offer will be given preference over applications made in the Non-Customer Offer and the Intermediaries Offer
 - The same allocation policy will apply to all Non Eligible Customers whether they apply through an Intermediary or directly to the Company
- The minimum eligible application sizes in the retail offer will be £1,000⁶
- Full details of the Offer will be included in the Prospectus when it is published
- In relation to the Offer and Admission, Citigroup Global Markets Limited is acting as Sole Sponsor, Joint Global Co-ordinator and Joint Bookrunner, BofA Merrill Lynch, Credit Suisse Securities (Europe) Limited and Goldman Sachs International are acting as Joint Global Co-ordinators and Joint Bookrunners, J.P. Morgan Cazenove and UBS Limited are acting as Joint Bookrunners, Investec Bank plc is acting as Joint Lead Manager and Mizuho International plc is acting as Co-Lead Manager. STJ Advisors LLP is acting as Financial Advisor to the Company

Reasons for the Offer

- The Company is making the Offer in order to raise further consumer and investor awareness of Saga and to provide the Company with a capital structure to support its continued growth and development
 - The Company intends to target net debt post-IPO of approximately £700 million
- The Offer will also provide the Selling Shareholder, which is owned by Charterhouse, CVC, Permira, employees of the Group and others, with a partial realisation of their investment in the Company
- The Retail Offer has been structured to provide Saga's existing and prospective customers, along with other retail investors in the UK, with the opportunity to become shareholders in the Company

Dividend policy

- The Board intends to adopt a progressive dividend policy while maintaining an appropriate level of dividend cover. This dividend policy will reflect the underlying earnings and growth of the business and the cash conversion of the Group while retaining sufficient capital in the Group to fund continued investment and maintain sufficient capital reserves. It is therefore the Board's current intention to

target an initial dividend payout ratio of approximately 40-50% of the Group's net income (excluding the impact of extraordinary or one-off items)

- Assuming that there are sufficient distributable reserves available at the time, the Board intends that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend
- The current intention of the Board is that the first dividend to be paid by the Company will be a pro-rata dividend in respect of the financial year ending 31 January 2015, which will be paid in June 2015 and determined by applying Saga's dividend policy described above to the full year to 31 January 2015 and pro-rating the dividend for the proportion of the year that follows Admission
- The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends

Group structure and lock-up arrangements

The Company is currently owned and controlled by Acromas, which indirectly holds 100% of the voting rights attached to the share capital of the Company through its wholly owned subsidiary, Acromas Bid Co (the "Selling Shareholder"). Acromas is owned by Charterhouse (42% of the voting rights), CVC (23% of the voting rights), Permira (23% of the voting rights), current and former employees of the Group and the AA Group (6% of the voting rights) and other institutional investors (5% of the voting rights).

Each of the Company and the Selling Shareholder will agree to certain lock-up arrangements in respect of their holding of Shares for a period of 180 days from the date of the Prospectus. In addition, each of the Executive Directors and members of the senior management team will agree to certain lock-up arrangements in respect of their direct holding of Shares for a period of 365 days from the date of the Prospectus. However, part of the proceeds from any sale of Shares by the Selling Shareholder will benefit certain employees of the Group, including certain of the Executive Directors, members of the senior management team and other employees of the Group, who have Acromas shareholder debt outstanding, which will be partly repaid from the proceeds of any such sale.

Board of Directors

In connection with the IPO, Saga today announces the appointment, with effect from Admission, of four new experienced Independent Non-Executive Directors to complement the existing Board. The named members of the Board of Saga are:

Andrew Goodsell, *Executive Chairman*

Andrew has spent the last 22 years with Saga and was appointed Chief Executive of Acromas in 2007. He joined Saga Services as Business Development Manager in 1992, became Saga Group Business Development Director in 1995, Chief Executive of Saga Services and Saga Investment Direct in 1999, Deputy Group Chief Executive in 2001 and Chief Executive and Chairman in 2004.

Lance Batchelor, *Group Chief Executive*

Lance was most recently the CEO of Domino's Pizza Group plc and joined Saga in March 2014. He started his career in the Royal Navy as a submariner. Upon leaving the Navy he progressed to a number of senior marketing roles in Procter & Gamble, Amazon, Vodafone and Tesco, where he was Marketing Director. Immediately prior to joining Domino's Pizza Group plc, Lance was CEO of Tesco Mobile.

Stuart Howard, *Group Finance Director*

Stuart has spent the last 14 years with Saga, which he joined in 2000 as Group Chief Financial Officer. In 2007, he became Chief Financial Officer of Acromas. Prior to joining Acromas, he worked for two years at the advertising group Cordiant Communications plc as Deputy Chief Financial Officer and for 10 years prior to that

at the advertising group WPP Group plc in various positions. Stuart qualified as a Chartered Accountant at KPMG in London.

Philip Green, Senior Independent Non-Executive Director

Philip is currently Senior Independent Non-Executive Director of Carillion plc and will become Chairman on 7 May 2014. He is also Chairman of BakerCorp, a US industrial services company owned by Permira, and Chairman Designate of Williams & Glyn. Previously, he was Chairman of Clarkson plc from 2013 to 2014, Chief Executive of United Utilities Group plc from 2006 to 2011 and Chief Executive of Royal P&O Nedlloyd NV from 2003 to 2006. His earlier business experience includes serving as Chief Operating Officer of Reuters Group plc and Chief Operating Officer of DHL for Europe and Africa.

Philip is also the UK Prime Minister's adviser on corporate responsibility and Chairman of Sentebale, a charity set up by Prince Harry.

Ray King, Independent Non-Executive Director

Ray is currently a Non-Executive Director of Infinis Energy plc. Previously, he was Chief Executive of Bupa from 2008 to 2012, after serving as Group Finance Director from 2001 to 2008. He was also a Non-Executive Director of Friends Provident plc from 2004 to 2009. Prior to Bupa, he was Deputy Chief Executive of Parity Group plc, Director of Group Finance and Control at Diageo plc and Guinness plc, Group Finance Director of Southern Water plc and also held senior financial roles at Imperial Chemicals Industries (ICI) plc.

Ray is also a Reporting Panel Member of the Competition and Markets Authority (previously the Competition Commission) and a member of the Audit and Assurance Council of the Financial Reporting Council.

Orna Ni-Chionna, Independent Non-Executive Director

Orna is currently Senior Independent Non-Executive Director of Royal Mail plc. Previously, she was Senior Independent Non-Executive Director of HMV plc, Northern Foods plc and Bupa and a Non-Executive Director of the Bank of Ireland UK Holdings plc and Bristol & West plc.

Orna is also currently a Trustee of the National Trust and a former Partner at McKinsey & Company.

Gareth Williams, Independent Non-Executive Director

Gareth is currently a Non-Executive Director of YSC Limited and WNS (Holdings) Limited. He will be leaving Diageo plc in June 2014 having served as Global Human Resources Director from 1999 to 2013. Prior to that, he held a series of key positions in Human Resources at Grand Metropolitan plc in North America and the UK from 1984 up until its merger with Guinness in 1998.

James Arnell, Non-Executive Director

James has been a Partner at Charterhouse Capital Partners LLP since 1998. He was involved in the acquisition of Saga by Charterhouse in 2004 and in Charterhouse's investment in Acromas in 2007. He has been a member of the Boards of Saga and Acromas throughout the period of Charterhouse's investment. He is also a Non-Executive Director of various other companies, including the AA Group, and has been involved in many of Charterhouse's investments in the UK, France and Germany. He holds an MA degree from Cambridge and is a qualified barrister.

Pev Hooper, Non-Executive Director

Pev is a Partner at CVC Capital Partners. In addition to Saga, Acromas and the AA Group, he is responsible for CVC's investments in Merlin Entertainments, Virgin Active and Domestic & General, and has sat on the boards of these and other CVC portfolio companies. He joined CVC in 2003 after working in mergers and acquisitions at Citigroup and Schroders. He holds an MA degree from Oxford University.

Charles Sherwood, Non-Executive Director

Charles has been a Partner of Permira (formerly Schroder Ventures) since 1985. He serves on the firm's holding company board and investment committee. He has been a Non-Executive Director of the AA Group since 2004 and of Acromas and Saga since 2007. Charles has also served as a Non-Executive Director on the boards of a number of Permira's investments including Homebase, Provimi and Just Retirement. He holds an MA degree from Cambridge University and an MBA from Harvard Business School.

Notes:

- 1 Underlying revenue is reported revenue reflecting underlying adjustments to remove the impact of one-off items or timing differences.
- 2 Underlying EBITDA is earnings before interest, tax, depreciation and amortisation, excluding exceptional expenses and fair value gains and losses on derivative financial instruments, and reflecting underlying adjustments to remove the impact of one-off items or timing differences.
- 3 Loss ratio is claims incurred, net of reinsurance as a percentage of earned premiums, net of reinsurance.
- 4 Customer acquisition cost ratio is customer acquisition expenses divided by earned premiums.
- 5 An Eligible Customer for the purposes of the Customer Offer is defined as any person who held a Saga personal finance product or policy or Saga financial services policy between 5 January 2013 and 30 April 2014, any person who booked a Saga or Titan holiday or cruise (and any passengers travelling on the same booking with such a person) between 5 January 2011 and 30 April 2014, any person who held a Saga Magazine subscription between 5 January 2013 and 30 April 2014, and any person who has purchased or received the benefit of Saga private healthcare services between 5 January 2013 and 30 April 2014. Further details on who is an Eligible Customer for the purposes of the Customer Offer will be set out in the Prospectus.
- 6 For Eligible Employees applying in the Employee Offer, a lower application amount of £500 will be available.
- 7 Social grade classification of household, based on occupation of the Chief Income Earner (CIE), where A represents managerial, administrative or professional, B represents intermediate managerial, administrative or professional and C1 represents supervisory, clerical and junior managerial, administrative or professional.
- 8 All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,324 GB adults aged 40 or over. Fieldwork was undertaken between 22 and 24 October 2013. The survey was carried out online. The figures have been not been weighted.

Forward-looking statements

This announcement contains "forward-looking" statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "projects", "anticipates", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or Saga with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of Saga and the industry in which it operates. These forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing Saga. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement. The Group disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the Financial Conduct Authority.

Important notice

The contents of this announcement, which has been prepared by and is the sole responsibility of Saga Limited, have been approved by Citigroup Global Markets Limited and Merrill Lynch International solely for the purposes of section 21(2) (b) of the Financial Services and Markets Act 2000 (as amended).

Neither this announcement nor any copy of it may be made or transmitted into the United States, or distributed, directly or indirectly, in the United States. Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into Australia, Canada, Japan or South Africa or to any persons in any of those jurisdictions, except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of Australian, Canadian, Japanese, South African or United States securities laws. The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. This announcement does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase, any securities in Australia, Canada, Japan, South Africa or the United States or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The securities of Saga have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or any securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable state law. There will be no public offer of the securities in the United States.

The securities referred to herein have not been registered under the applicable securities laws of Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or South Africa or to any national, resident or citizen of Australia, Canada, Japan or South Africa.

This announcement is not an offer of securities for sale in the United States or any other jurisdiction. This announcement is an advertisement and not a prospectus. Investors should not subscribe for or purchase any transferable securities referred to in this announcement except on the basis of information in the Prospectus intended to be published by Saga in due course in connection with the proposed admission of its ordinary shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange. Copies of the Prospectus will, following publication, be available for inspection from the Company's registered office Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE and from the Company's website www.saga.co.uk/shares.

Any purchase of Shares in the proposed Offer should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offer. Before purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

This announcement does not constitute a recommendation concerning the Offer. The price and value of securities and any income from them can go down as well as up. Past performance is not a guide to future performance. Before purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks that will be set out in the Prospectus, when published. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. There is no guarantee that Admission will occur and you should not base your financial decisions on Saga's intentions in relation to Admission at this stage. Potential investors should consult a professional advisor as to the suitability of the Offer for the entity concerned.

Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Merrill Lynch International, J.P. Morgan Cazenove, UBS Limited and Investec Bank plc each of which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA"), and Mizuho International plc and STJ Advisors LLP, each of which is authorised and regulated by the FCA, are acting exclusively for Saga and no-one else in connection with the Offer. They will not regard any other person as their respective clients in relation to the Offer and will not be responsible to anyone other than Saga for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, each of Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Merrill Lynch International, J.P. Morgan Cazenove, UBS Limited, Investec Bank plc and Mizuho International plc and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of Saga or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Merrill Lynch

International, J.P. Morgan Cazenove, UBS Limited, Investec Bank plc and Mizuho International plc or any of their respective affiliates acting as investors for their own accounts. Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Merrill Lynch International, J.P. Morgan Cazenove, UBS Limited, Investec Bank plc and Mizuho International plc and their respective affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Merrill Lynch International, J.P. Morgan Cazenove, UBS Limited, Investec Bank plc and Mizuho International plc or any of their respective affiliates or any of their respective directors, officers, employees, advisors or agents accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to Saga, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offer, Merrill Lynch International as stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The stabilising manager will not be required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilising manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the offer price. Save as required by law or regulation, neither the stabilising manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.