

Wednesday 16 October 2024

The AA: HY 25 Results – Delivering for our customers with growth across all key metrics and continued delivery against strategy

Highlights

- Strong trading performance
 - Revenue up 14% to £712m (H1 24: £625m) driven by growth in customers, average income per member and an increase in reinsured revenue in our underwriting business.
 - Adjusted EBITDA up 9% to £225m (H1 24: £206m), despite ongoing inflationary and macroeconomic pressures, demonstrating the continued success of our ongoing business transformation and strong cost control.
 - As a result, PBT up 70% to £39m.

- Strengthened balance sheet
 - Stonepeak transaction successfully completed with £155m of B3 Notes subsequently redeemed. The remaining funds will be used to support the next phase of our growth strategy and to pay certain transaction costs associated with the Stonepeak investment.
 - Overall Group leverage down to 4.5x and senior WBS leverage down to 5.46x, permitting the redemption of a further £14m of B3 Notes.
 - £439m of A2 Notes refinanced well ahead of their scheduled repayment date, in line with our ongoing approach to debt maturities.
 - Class A Notes upgraded from BBB- to BBB by S&P, with B3 Notes reaffirmed at B+.

- Delivering for our customers
 - Roadside personal and business customers increased to 14.3m (H1 24: 13.9m), re-confirming our position as the UK's largest breakdown provider.
 - Further investment in our patrol base, reaching 2,759 (H1 24: 2,721) and continuing to protect our service levels and ensuring strong nationwide coverage.
 - £34m of capital investment in H1 (H1 24: £47m) into wider driving services to future-proof the business and set us up for further success in the years to come.
 - Demonstrated by the launch of our first connected cars proposition for customers in the half.
 - We are also investing in our EV capability and products to help ensure customers and members have an affordable and accessible transition. We are:
 - rolling out Patrols EV training, reaching nearly 100% of patrols trained to level 2;
 - offering and continuing to develop bespoke EV car insurance, EV leasing and used EVs (AA Cars); and
 - we are the only UK breakdown organisation giving customer support to nine of the major charge point providers.

Outlook

- Our transformation continues at pace and we remain confident in our strategy. Our focus remains on driving profitable growth from our core business.
- The positive momentum from our H1 performance means we are on track for a strong overall performance for FY25.
- Looking ahead, we will continue our expansion into wider driving services as we create confidence for drivers, now and in the future.

Commenting on the half year performance, Jakob Pfaudler, CEO, said:

“The AA delivered a strong performance in the first half of the year, driven by accelerating income growth and great customer service. The transformation of The AA continues at pace and we remain confident in our strategy and our ability to drive profitable growth.”

Looking forward, the positive momentum from the first half of the year means we are on track for a strong overall performance for FY25 as we expand into broader driving services.”

Group			
Key metrics	HY25	HY24	Change (%)
Revenue (£m)	712	625	14%
Adjusted EBITDA (£m)	225	206	9%
Profit before tax (£m)	39	23	70%
Operating cash flow (£m)	190	174	9%
Net debt (£m)	1,994	2,174	-8%
Net debt/EBITDA	4.5x	5.1x	N/A

Roadside			
Key metrics	HY25	HY24	Change (%)
Revenue (£m)	497	460	8%
Adjusted EBITDA (£m)	195	178	10%
Paid personal members (000s)	3,277	3,267	<1%
Business customers (000s)	11,117	10,666	4%

Insurance

Key metrics	HY25	HY24	Change (%)
Revenue (£m)	215	165	30%
Adjusted EBITDA (£m)	30	28	7%
Motor policies (000s)	949	1,010	-6%



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About The AA: The AA is the UK's leading provider of roadside assistance, with approximately 2,700 patrols attending an average of around 9,400 breakdowns daily. The Roadside business includes many other services, which enrich membership, including Driving Services through the AA's Driving School and BSM platforms, and DriveTech, the market leader in driver education. AA Smart Care provides peace of mind when booking a MOT, maintenance, service and repair by only using AA inspected and approved garages. The AA's insurance broker focuses primarily on motor and home policies, operating a diverse panel of underwriters including the AA's in-house underwriter. The Insurance division also includes the AA's Financial Services