

The background features a black field with several large, bright yellow geometric shapes. On the left, a yellow trapezoid is partially cut off by the edge. In the center, a vertical yellow bar runs from top to bottom. On the right, another yellow trapezoid is partially cut off. The overall composition is modern and minimalist.

Annual Results
20 April 2023

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TODAY'S PRESENTERS



Jakob Pfaudler
Group CEO

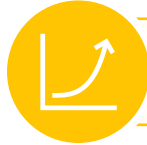


Tom Mackay
Group CFO

Agenda

- **Business Review**
Jakob Pfaudler
- **Financial Review**
Tom Mackay
- **Strategy Update**
Jakob Pfaudler
- **Q&A**
Jakob Pfaudler, Tom Mackay

GROUP HIGHLIGHTS



Accelerating Revenue (+6%) and Adjusted EBITDA (+3%) growth



Significant growth in B2C (+2%), B2B (+20%) and motor insurance (+4%) customer bases



Further enhanced service and trust: NPS +0.7 pts. and Which? Recommended Provider for fifth year running



Improved Financial health: Group Leverage reduced to 5.7x and £650m AA Bonds successfully refinanced



Horizon 1 of strategy nearing completion: Roadside re-platforming complete and Roadside digital conversion +2.0ppts.



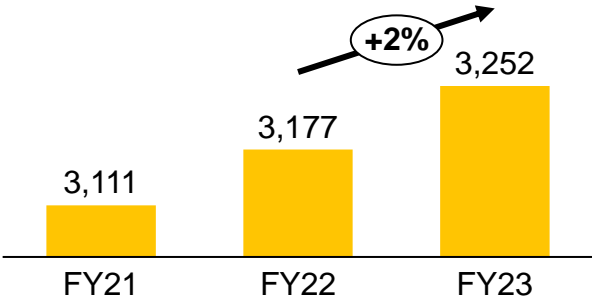
Horizons 2 & 3 of strategy now underway with focus on proposition extensions, cross-sell and connected car data

ACCELERATING ROADSIDE GROWTH IN FY23

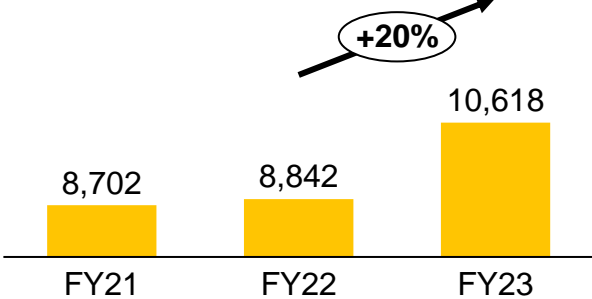


Second year of Membership, Revenue and Adjusted EBITDA growth

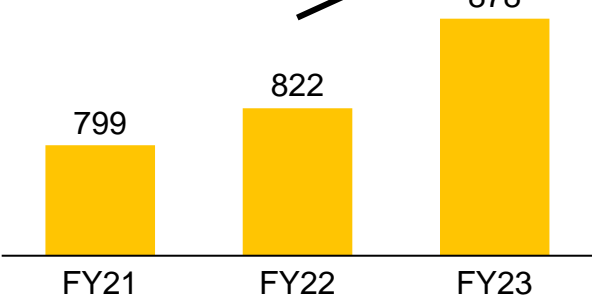
Paid personal members(000s)



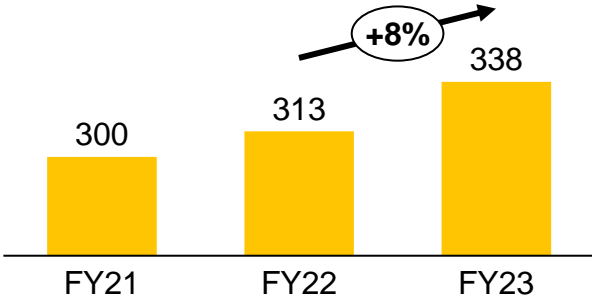
Business customers (000s)



Revenue (£m)



Adjusted EBITDA (£m)



Highlights

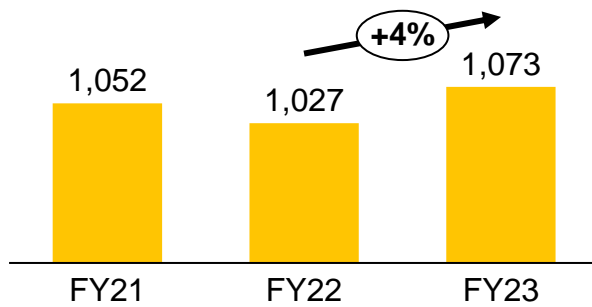
- Accelerating B2C membership growth
- Step change in B2B growth and new contract wins
- Income per paid personal member increased to £190
- Material patrol force growth and investment:
 - 130 additional patrols vs. FY22
 - 72% patrols L2 EV trained
- Which? Recommended Provider for fifth year running
- Renewal rate increased to 84.4%

ROBUST INSURANCE RESULTS IN CHALLENGING ENVIRONMENT

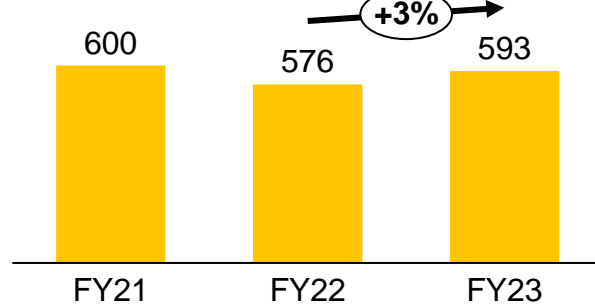


Motor book returned to growth

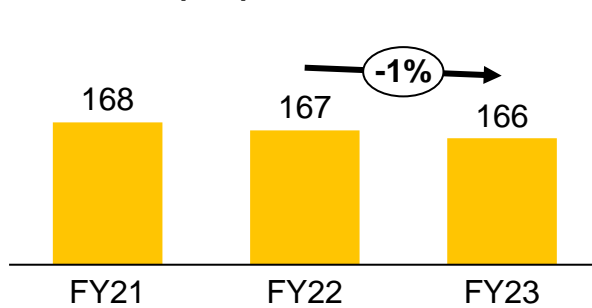
Motor Insurance policies (000s)



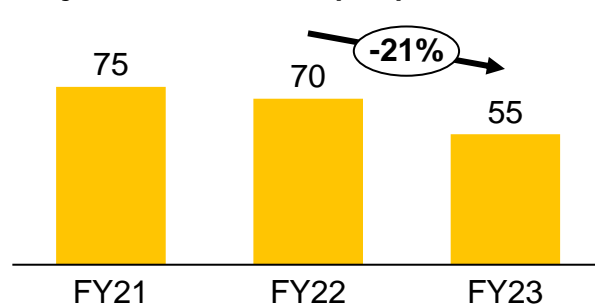
Underwritten Motor policies (000s)



Revenue (£m)



Adjusted EBITDA (£m)



Highlights

- Return to growth in Motor book
- New BEAM insurance brand launched in May 2022
- Motor renewal rate +6ppts.
- Underwriter non-member footprint expanded by +10ppts.
- Accident Assist claims volume increased by 14%
- Home insurance book managed for value
- Stable income per insurance policy, at £78

STRONG PROGRESS AGAINST STRATEGIC AGENDA



Horizon 1 agenda: optimising the core

Conversion rate improvement (ppts)

+2.0

Roadside

+0.3

Motor

Renewal rate improvement (ppts)

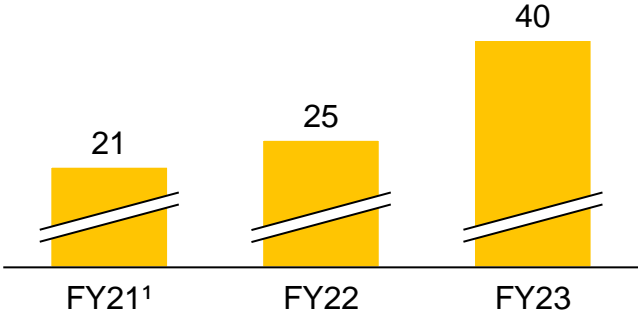
+0.3

Roadside

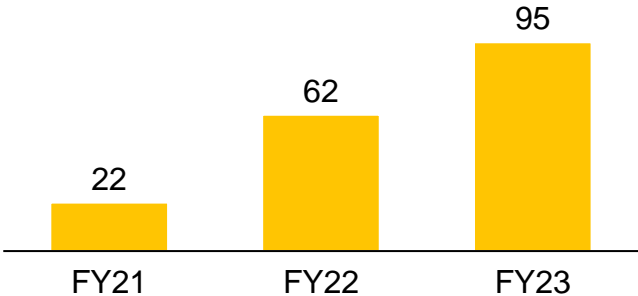
+6.2

Motor

B2C breakdowns logged digitally



Policies on new Roadside platform (%)



Highlights

- **Far reaching organisational upgrade complete:** 50% new senior leaders since March 2021
- **Core replatforming** nearing completion
- **Material investment** in Digital and Data delivering in conversion and renewal rate improvement
- **Digitisation of business** underway delivering efficiency and productivity gains
- **Capability investment** in pricing, underwriting and data & analytics delivering customer value improvements

Notes:
1. KPI started being measured in H2 FY21, data here for July 2020 – January 2021.

Agenda

- Business Review
- **Financial Review**
- Strategy Update
- Q&A

FY23 FINANCIAL HEADLINES

- **Revenue growth** despite ongoing macro-economic challenges
- **Increase in both overall membership and Adjusted EBITDA**, and positive operating cash flow generation
- Continued improvement of the Group's capital structure providing a long-term sustainable amount of leverage to support investment in our future

Revenue

FY23

£1,044m

+6%

Adjusted EBITDA

FY23

£393m

+3%

Adjusted EBITDA %

FY23

37.6%

-1.1ppts.

Operating Profit

FY23

£203m

+71%

NCF from operating activities

FY23

£263m

+23%

Net debt

FY23

£2,222m

vs. £2,261m

Group Leverage

FY23

5.7x

vs. 5.9x

Available Liquidity

FY23

£166m

vs. £129m

INCOME STATEMENT

£m	FY23	FY22 ²	YoY
Revenue	1,044	989	6%
Adjusted EBITDA¹	393	383	3%
Amortisation of acquisition costs relating to third party commissions and fees	(40)	(38)	(5%)
Reported EBITDA	353	345	2%
Share-based payments	(3)	(5)	40%
Pension service charge adjustment	(5)	(4)	(25%)
Amortisation and depreciation	(105)	(99)	(6%)
Impairment of goodwill and property	(7)	(11)	36%
Pension past service cost	-	(26)	-
Adjusting operating items	(30)	(81)	63%
Operating profit	203	119	71%
Net finance costs	(127)	(142)	11%
Profit / (Loss) before tax	76	(23)	-
Tax expense	(7)	(4)	(75%)
Profit / (Loss) for the period	69	(27)	-

Notes:

- Adjusted EBITDA is profit after tax on a continuing basis as reported, adjusted for depreciation, amortisation of customer acquisition costs relating to third party commissions and fees, amortisation of other intangible assets, adjusting operating items, share-based payments, pension service charge adjustments, impairment of property, plant and equipment, impairment of intangible assets, net finance costs and tax expense.
- Adjusting operating items for FY22 includes £64m of transaction fees related to the acquisition.

- Group revenue +6% at £1,044m driven by increase in B2C and B2B member numbers
- Group Adjusted EBITDA +3% despite cost inflationary pressures
- Adjusting operating items for FY23 include strategic projects (e.g. transformation and organisational design) and investment in developing connected car capability
- Net finance costs reduced by £15m following significant refinancing in the prior year
- Significant improvement in profit before tax due to FY22's results including £64m of transaction fees relating to the acquisition and a one-off past pension service cost of £26m

ROADSIDE PERFORMANCE REVIEW



Roadside Financial review

	FY23	FY22	YoY
Revenue (£m)	878	822	+6.8%
Adjusted EBITDA (£m)	338	313	+8.0%
Adjusted EBITDA margin (%)	38.5%	38.1%	+0.4ppt
Personal paid members (k)	3,252	3,177	+2.4%
Average income per paid member (£) ¹	190	185	+2.7%
Business customers (k)	10,618	8,842	+20.1%
Average income per business customer (£)	23	23	0.0%



Commentary

- **New business and Renewal price increases more than offsetting inflationary pressures** with no reduction in products per member
- **5% pay increase agreed with unionised colleagues** through to Easter 2024
- **Impact of cost increases in garaging mitigated** due to high proportion of work fulfilled by own fleet
- **Non-customer facing role reduction** and procurement / back office **cost optimisation**

Notes:

1. During the year we have revised the basis of average income per paid personal member to include motor insurance income from members.

INSURANCE PERFORMANCE REVIEW



Insurance Financial review

	FY23	FY22	YoY
Revenue (£m)	166	167	(0.6%)
Adjusted EBITDA (£m)	55	70	(21.4%)
Adjusted EBITDA margin (%)	33.1%	41.9%	(8.8ppt)
Total insurance policies ¹ ('000s)	1,855	1,923	(3.5%)
Total policies underwritten ('000s)	1,006	1,018	(1.2%)
Total Motor policies ('000s)	1,073	1,027	+4.5%
Total Home insurance policies ('000s)	782	896	(12.7%)
Average income per policy ² (Motor and Home) (£)	78	78	0.0%



Commentary

- **Lower broker income** due to margin contracts following GIPP implementation **offset by in-house underwriter** and other insurance business
- Home insurance policy count reduced due to strategic decision to focus on motor book in post-GIPP environment
- **Claims inflation of 13%**
- EBITDA impacted by **lower motor renewal commissions**

Notes:

1. Motor and Home policies only.

2. Includes income from the in-house insurer and Accident Assist businesses.

CASH FLOW

£m	FY23	FY22
Operating activities		
Profit/(loss) before tax	76	(23)
Add back non cash items	235	282
Difference between pension charge and cash contributions	(24)	(24)
Working capital and provisions	(9)	(11)
Net cash flows from operating activities before tax	278	224
Tax paid	(15)	(10)
Net cash flows from operating activities	263	214
Investing activities		
Capital expenditure	(79)	(77)
Proceeds from sale of fixed assets	14	2
Other investing activities	2	(11)
Net cash flows used in investing activities	(63)	(86)
Financing activities		
Refinancing transactions	7	(51)
Interest paid on borrowings	(124)	(123)
Payment of lease capital and interest	(30)	(27)
Net cash flows used in financing activities	(147)	(201)
Net increase/(decrease) in cash and cash equivalents	53	(73)
Cash and cash equivalents at 1 February	112	185
Cash and cash equivalents at 31 January	165	112

- NCF from operating activities increased by £49m reflecting strong trading performance and lower one-off adjusting items
- Working capital and provisions outflow of £9m in line with the prior year and reflecting timing of receipts and payments, as well as the post-covid expansion of our Accident Assist business
- Capex remains stable ensuring we continue to be well invested as we deliver on Horizon 1 and 2, generating significant benefits
- Refinancing inflows of £7m reflect the £10m settlement of a gilt-lock part offset by costs associated with refinancing the £250m A6 loan Notes July 2022
- Strong cash position at year end, well within our financial covenants, with good levels of liquidity and continuing to generate positive operating cash flow

NET DEBT

£m	FY23	FY22
Total Net Debt per accounts	2,222	2,261
Less: lease adjustment for IFRS 16	(28)	(25)
Less: AA Limited group lease obligations	(3)	(3)
Add: AA Limited cash	66	45
Net Debt for covenant reporting	2,257	2,278
Key metrics	FY23	FY22
Net Debt/EBITDA ¹	5.7x	5.9x
WBS Senior Leverage Ratio ²	5.8x	6.2x
WBS Class B Leverage Ratio ³	6.7x	7.1x
Interest cover ⁴	3.1x	3.0x
Financial covenants	FY23	FY22
Class A FCF to DSCR ⁵ (covenant > 1.35x)	2.9x	3.1x

Notes

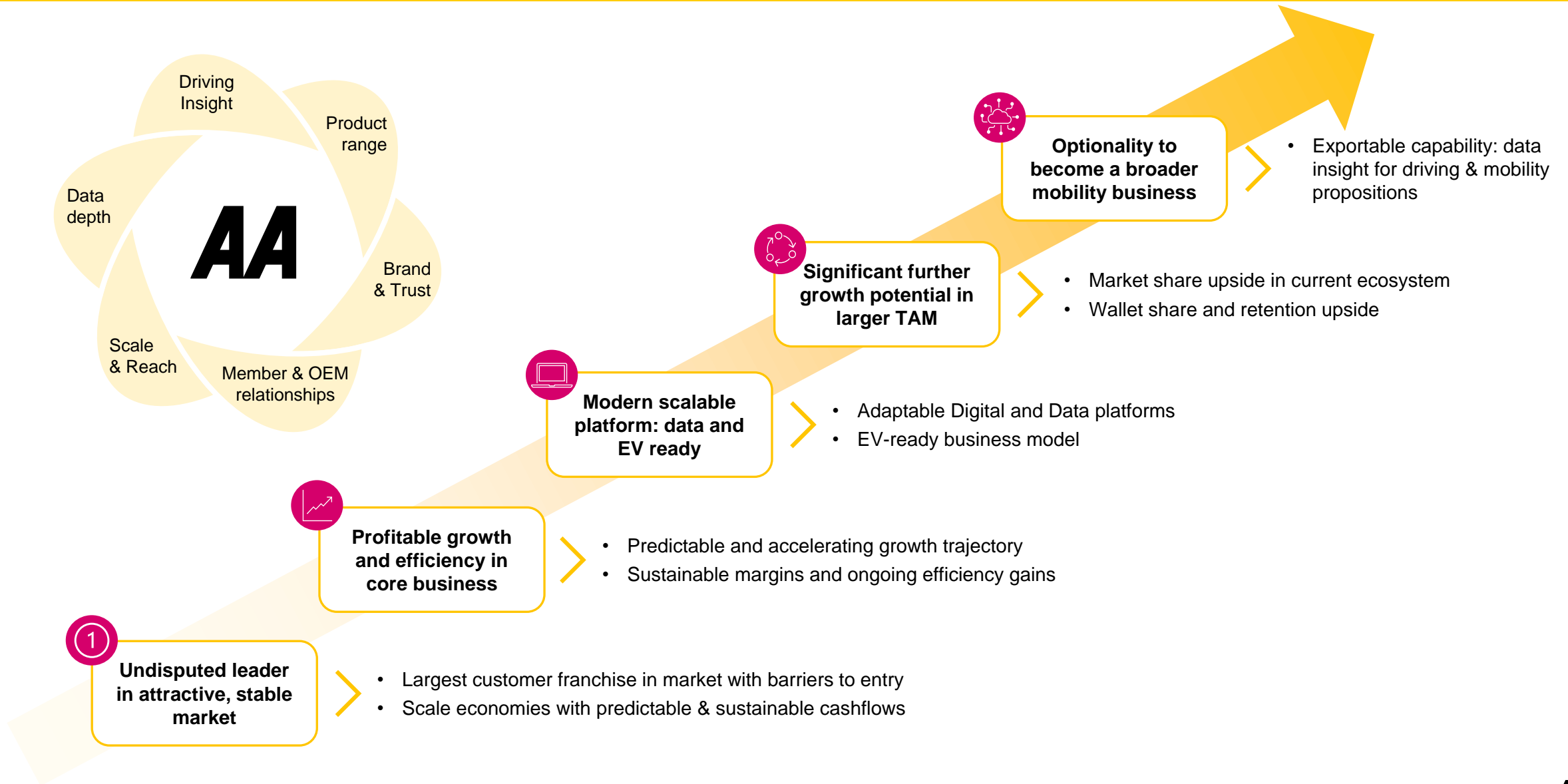
1. Total Net Debt to AA Limited Adjusted EBITDA for the last 12 months.
2. Ratio of Net Senior Secured Debt to AA Intermediate Co Limited group debt covenant EBITDA.
3. Ratio of Net WBS Debt to AA Intermediate Co Limited group debt covenant EBITDA.
4. Run rate cash interest: Adjusted EBITDA.
5. Ratio of Intermediate group debt covenant free cash flow to proforma debt service relating to the Senior Term Facility and Class A Notes.

- Cash and cash equivalents of £165m, of which £66m is at AA Limited level
- Net Debt for covenant purposes is the net debt in the WBS, presented on a pre-IFRS 16 basis
- Significant covenant headroom available
- Working capital facility: £56m, of which £46m is available for cash drawings
- WBS cash: £99m
- AA Limited unrestricted cash: £26m
- £650m debt refinancing transacted during FY23, of which £400m settled post-year end
 - All of 2023 maturities addressed
 - £150m of 2024 maturity remaining to refinance

Agenda

- Business Review
- Financial Review
- **Strategy Update**
- Q&A



AMBITIOUS FUTURE VISION AS BROADER MOBILITY BUSINESS



UNIQUELY POSITIONED IN WIDER DRIVING ECOSYSTEM






Learn to drive

-  Driving lessons
-  Theory test app





Get a car

-  Buying used cars
-  Leasing new cars
-  Vehicle Financing






Get on the road

-  Insurance
-  Vehicle Warranty








Drive day to day

-  Route Planning
-  Driver Monitoring
-  Fuel & EV planning






Get help if you break down

-  Predictive Breakdown
-  Roadside Assistance
-  Fuel, Battery and Key Assist

-  Vehicle Health Certificate
-  Reverse Auction



Sell your vehicle



-  Predictive Maintenance
-  MOT & Servicing
-  Repairs

Maintain or fix your car



-  Accident Detection & Assistance
-  Legal Services

If you have an accident



PROGRESSING THROUGH OUR THREE STRATEGIC HORIZONS

Horizon 1: 2021 – 2023

Optimising the core



Upgrading organisational execution capabilities



Improving customer journeys to optimise conversion



Enhancing persistency and customer value management



Improving efficiency and productivity



Upgrading core and Digital & Data infrastructure

Largely complete

Horizon 2: 2022 – 2025

Extending the business



Expanding propositional ecosystem to access wider TAM



Amplifying cross-sell and ARPU growth



Digitising customer journeys and extending self-service



Expanding the ESG agenda

In delivery

Horizon 3: 2023+

Monetising innovation



Creating new connected car data based propositions



Extending leadership in electrification



Becoming a data driven mobility business

Now underway

SUMMARY: A STRONG SET OF RESULTS



Clear market leadership: Increase to 3.3m B2C members and 10.6m B2B customers



Accelerating growth: £1,044m Revenue (+6%)



Strong profitability: £393m Adjusted EBITDA (+3%)



Further improving financial health: Group Leverage reduced from 5.9x to 5.7x



Strong traction on transformation agenda with ambitious strategic vision and plan

Agenda

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- **Q&A**