



# PRESS RELEASE

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## Ageas acquires Castle Cover Limited

**Ageas announces the acquisition of Castle Cover Limited for a total consideration of GBP 52.8 million (EUR 60.8 million). Castle Cover is a UK based intermediary specialising in the over 50s insurance sector. The transaction has been closed and consequently the acquisition will be consolidated as of the 1st quarter 2011. The acquisition will be initially funded by Ageas and will be reimbursed by Ageas UK in the course of the year.**

Following on from the announcement of the partnership with Tesco Bank last year, and more recently the acquisition of Kwik Fit Insurance Services, this acquisition reflects the multi-channel, multi-brand distribution strategy of Ageas in the UK.

Founded in 2006 and located in Poole Dorset, close to Ageas UK's operation centre in Bournemouth, Castle Cover Limited is the 3rd largest specialized over 50's broker, providing home, car and other personal products through its Castle Cover and Regal Insurance brands. The company serves more than 280,000 policyholders and employs around 300 staff in the UK. It is based on a similar business model to RIAS, an Ageas UK subsidiary, which is currently the 2nd largest intermediary in the over 50's sector.

Together with RIAS, Ageas will serve 1.3 million customers in this attractive market segment, currently accounting for 38% of the UK population and presenting above average growth rates and relatively high retention rates. The UK senior market generates GBP 2.4 billion (EUR 2.8 billion) in Personal Lines gross written premiums.

The acquisition of Castle Cover further consolidates Ageas as the 4th largest personal lines intermediary distributor in the UK. It will strengthen Ageas's retail operations<sup>1</sup>, creating a collective base of around 2 million retail customers and representing combined 2010 pro forma revenues of around GBP 200 million (EUR 230 million)<sup>2</sup>.

Castle Cover reported 2010 revenues of GBP 22 million (EUR 25 million), a 16% increase over 2009. Earnings before income tax (EBIT) were break even, reflecting on-going investments geared towards growing the customer base. The acquisition of a stable portfolio, continued business growth and the realization of significant synergies, are expected to result in very attractive returns. This transaction will be earnings accretive from 2012 onwards and is expected to substantially exceed Ageas's minimum 11% return requirement. In addition, the level of revenues from distribution activities, which in the UK represent a relatively stable source of income for successful distributors, will increase.

Announcing the transaction, Bart De Smet, CEO of Ageas said: *"I welcome this acquisition on its strategic and financial merits and as an important next step in the execution of our UK strategy. It allows us to broaden our base and accelerate the growth of our business in the UK and will help create a more cash generative profile for our UK business. The over 50s segment is predicted to grow at a rate of 3 times the growth of other UK age segments in the coming years. I am confident that this transaction will accelerate value creation for all stakeholders"*.

<sup>1</sup> Ageas UK's existing retail operations consist of RIAS, Kwik Fit Insurance Services and Ageas Insurance Services (UKAIS).

<sup>2</sup> Based on 12 months of Kwik Fit Insurance Services, RIAS and UKAIS revenue.



Barry Smith CEO of Ageas UK added: *“This is a great acquisition for Ageas which further strengthens our retail capability and adds a respected business to our portfolio. There is very good alignment between the businesses with a shared focus on delivering excellent customer service in a market focused on insurance for customers aged 50+. The complementary strengths of Ageas and Castle Cover builds on our exciting retail business focused on customer needs while generating attractive returns.”*

**Castle Cover Limited** is an over 50s insurance specialist based in Poole, Dorset in the United Kingdom. Founded in 2006, it now has over 280,000 policyholders and 300 employees.

**Ageas (Insurance UK)** is a leading provider of award-winning personal, commercial and protection insurance solutions in the UK. Ageas UK distributes both its non-life and life products through a range of channels including brokers, IFAs, intermediaries, affinity partners and the Internet, as well as through its retail strategy via its wholly or partially-owned companies (RIAS, Ageas Insurance Solutions, Ageas Protect, Kwik Fit Insurance Services, and Tesco Underwriting Limited). Insuring in the region of 8 million customers and working with a range of partners, Ageas is recognised for delivering consistent and high-quality customer experiences. It employs over 4,500 people with a head office based in Eastleigh and others in Belfast, Birmingham, Bournemouth, Glasgow, Gloucester, London, Reigate, and Stoke-on-Trent.

**Ageas** is an international insurance company with a heritage spanning more than 180 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. They are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia. It is an undisputed leader in the Belgian market for *individual life* and *employee benefits*, as well as a leading *non-life* player, through AG Insurance. Internationally Ageas has a strong presence in the UK, where it is the second largest player in private car insurance. The company also has subsidiaries in France, Germany and Hong Kong. Ageas has a track record in developing partnerships with strong financial institutions and key distributors in different markets around the world and successfully operates partnerships in Luxembourg, Italy, Portugal, China, Malaysia, India and Thailand. Ageas employs more than 13,000 people and has annual inflows of almost EUR 18 billion.

#### **PRESS CONTACT**

+32 (0)2 557 57 37

#### **INVESTOR RELATIONS**

##### **Brussels**

+32 (0)2 557 57 33

##### **Utrecht**

+31 (0)30 252 53 05

##### **Ageas**

Rue du Marquis 1 - 1000 Brussels - Belgium  
Archimedeslaan 6 - 3584 BA Utrecht - The Netherlands  
[www.ageas.com](http://www.ageas.com)