



# **INTERIM RESULTS**

for the six months ended 31 July 2021

**22 SEPTEMBER 2021**

**SAGA**

# AGENDA

**Euan Sutherland** Group Chief Executive Officer

**James Quin** Group Chief Financial Officer

**Euan Sutherland** Group Chief Executive Officer

Overview

Financial performance

Strategic update

Conclusion



# OVERVIEW

Euan Sutherland  
Group Chief Executive Officer

SAGA

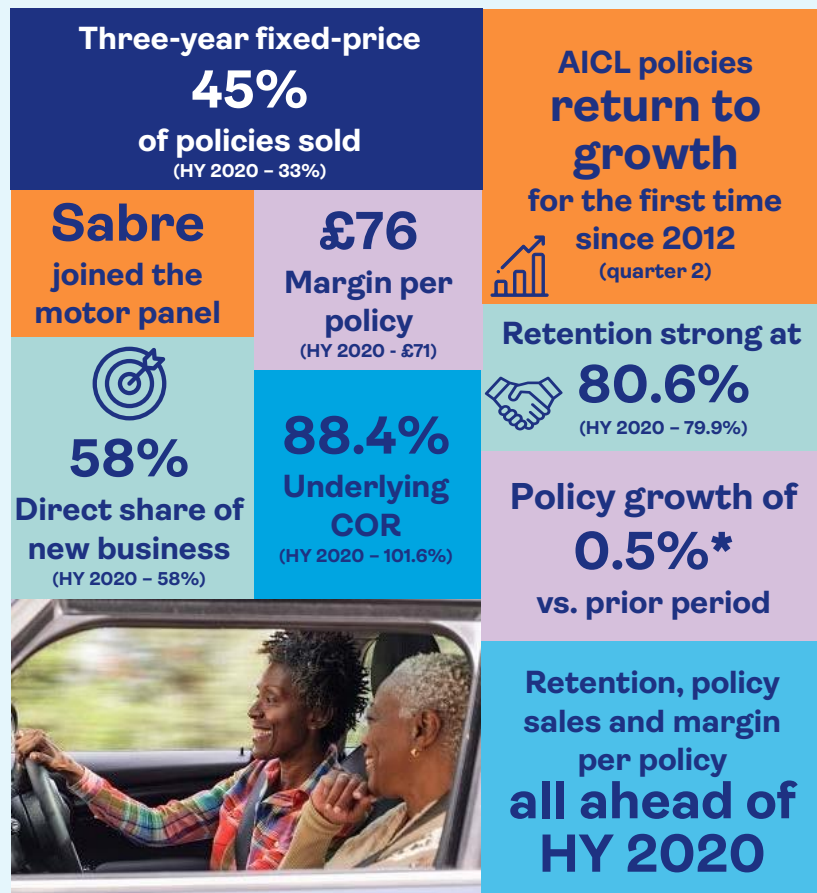
# POSITIONING THE BUSINESS TO EMERGE STRONGER

- Continued delivery against all five strategic priorities
- Results in line with expectations:
  - Robust Insurance performance across all KPIs
  - Successful resumption of Cruise with phased return to Tour Operations underway
- Focus on data and digital ahead of brand relaunch later in the year
- Continued support provided to colleagues and community
- Steve Kingshott, CEO of Insurance, to join on 8 November 2021
- Underpinned by strengthened financial position following recent transactions, including issuance of £250m bond
- Mindful of remaining COVID-19 uncertainties but emerging stronger from the pandemic



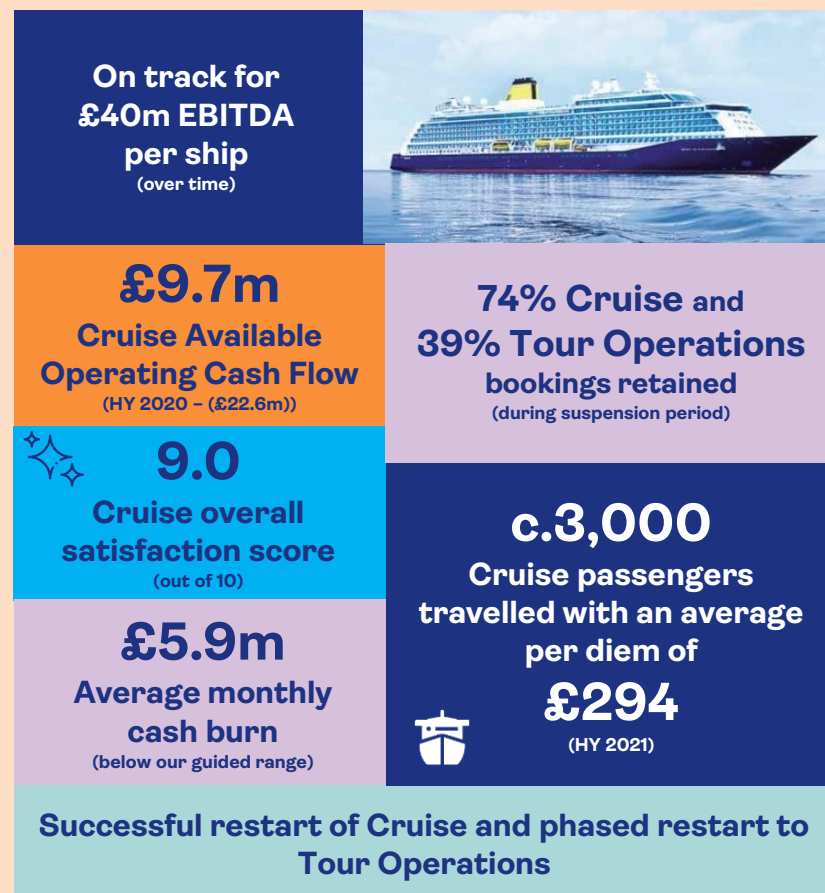
# INSURANCE AND TRAVEL PROGRESS

## Insurance (Saga-branded motor and home)



\* Plan to move to reporting policies in force for FY 2021/22, in line with peers

## Travel



# WIDER STRATEGIC PROGRESS



## People and culture step change

- Improved colleague engagement score of 7.5 out of 10 with record 93% participation rate
- Supported colleagues with safety and wellbeing first through additional holiday entitlements and enhanced mental health support



## Data, digital and brand transformation

- On track to build data and digital capabilities ahead of brand relaunch later this year
- Brand Net Promoter Score (NPS) improved to 47, an increase of 3ppts from 31 January 2021



## Driving simplicity and efficiency

- 51,000 sales of new price-comparison motor product
- Significant uplift in online self-serve usage since launch
- Completed first phase of Enbrook refurbishment, in line with future working strategy

## Reducing our debt

- Leverage ratio (Adjusted Net Debt to Adjusted Trading EBITDA) of 2.4x, reduction of 0.3x from 31 January 2021
- Strengthened financial position with issue of £250m bond, repayment of £70m term loan and £100m tender of existing bond, driving increased liquidity, greater covenant flexibility and extension of debt maturity profile
- Strong liquidity position with total available cash of £175.3m and £100m undrawn revolving credit facility (RCF)



# LOOKING AHEAD TO H2 2021

**Relaunch of  
Saga  
3YF Plus**  
motor and  
home insurance



**Relaunch  
websites**  
to include  
improved design,  
faster access and  
digital  
functionality



**70%**  
**Cruise  
load factor**  
(2021/22)  
(as at 11 September)

**£302**  
**Cruise  
per diems**  
(2021/22)  
(as at 11 September)

**Launch of  
Easy  
Access  
Cash  
ISA**  
(with Goldman Sachs)

**Roll-out of  
new brand  
identity**  
to broaden appeal of Saga



**Launch of new  
Saga  
Lifetime  
Mortgage**  
equity release  
product  
(in partnership with  
Just Retirement Money  
Limited)



**Explore new  
opportunities  
and  
step-change  
our focus on  
ESG**

**Final preparations  
in advance of the  
FCA  
market  
study  
implementation**

**Launch of  
Simple,  
Personal,  
Special,**  
making every  
customer experience  
exceptional



**Continued focus on  
debt reduction**

**Launch of integrated  
marketing  
campaign**  
across Insurance and Travel to  
grow appeal of the Saga brand



**Launch  
of Spirit  
of the Rhine**



# FINANCIALS

James Quin  
Group Chief Financial Officer

SAGA



# GOOD PERFORMANCE IN CHALLENGING ENVIRONMENT

	HY 2021	HY 2020	Variance
Revenue	£156.4m	£192.4m	(19%)
Underlying (Loss)/Profit Before Tax	(£2.8m)	£15.9m	(118%)
Profit/(loss) before tax	£0.7m	(£55.5m)	101%
Available Operating Cash Flow	£41.9m	(£23.2m)	281%
Adjusted Net Debt (excl. Cruise)	£226.8m	£410.7m	(45%)
Leverage ratio (excl. Cruise)	2.4x	3.6x	(1.2x)

- Revenue and results in the half year continued to be significantly impacted by COVID-19
- Robust Insurance result, increased Cruise loss in line with expectations
- Overall profit before tax with no further impairments and only minor other non-operating items
- Significant improvement in Available Operating Cash Flow as Cruise is trading again
- Adjusted Net Debt reduced by 45% over the last 12 months

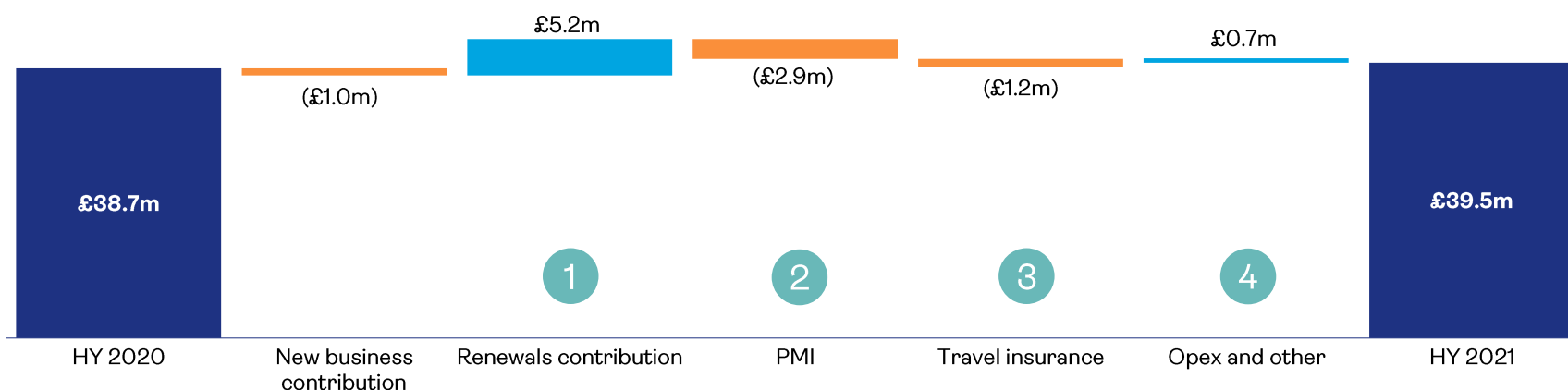
# ROBUST INSURANCE RESULTS, GOOD TRAVEL COST CONTROL

	HY 2021	HY 2020	Variance
Retail Broking (written)	£39.5m	£38.7m	2%
Written to earned adjustment	(£1.6m)	£3.3m	(148%)
Underwriting	£31.1m	£28.0m	11%
Insurance	£69.0m	£70.0m	(1%)
Travel	(£51.2m)	(£34.2m)	(50%)
Other Businesses	£1.1m	£1.2m	(8%)
Central Costs	(£21.7m)	(£21.1m)	(3%)
Underlying (Loss)/Profit Before Tax	(£2.8m)	£15.9m	(118%)

- Retail Broking written profit in line with prior year
- Underwriting ahead due to reduced claims frequency (not recognised in the prior half year)
- Increased Travel loss due to longer suspension period, financing costs of *Spirit of Adventure*, restricted capacity on earlier cruises and incremental costs of restart
- Central Costs in line with prior year after excluding additional finance costs

# SOLID BROKING RESULT, IMPROVED RETENTION TRANSLATING TO HIGHER CONTRIBUTION

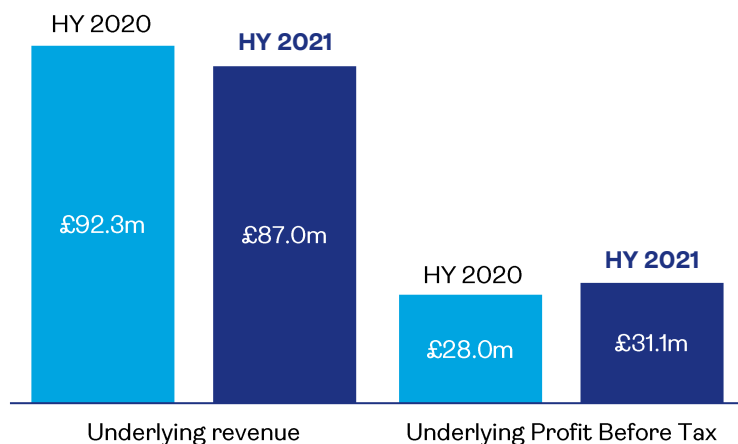
## Year-on-year movement in written Retail Broking Underlying Profit Before Tax



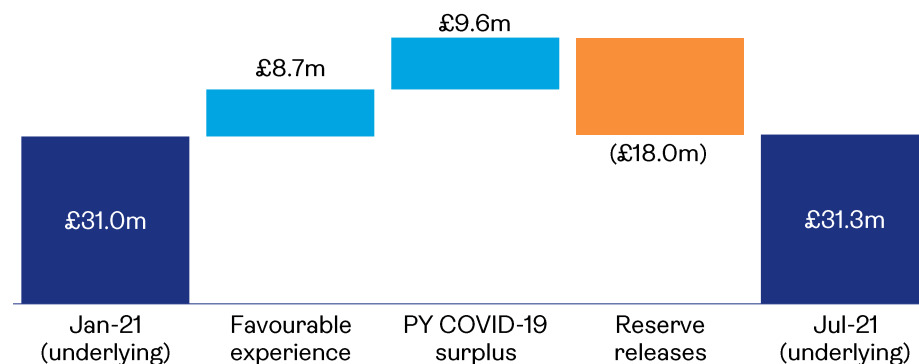
- 1 Improved motor and home renewals contribution, from both higher retention rates and margins
- 2 Lower PMI contribution following pricing actions and lower profit share payments
- 3 Continued impact of COVID-19 on the sale of travel insurance, albeit significant volume improvement in August 2021
- 4 Disposal of Bennetts and slightly higher expenses, offset by credit hire debt recovery

# STRONG UNDERWRITING PERFORMANCE

## Performance ahead of expectations



## Movement in reserve margin



- Net earned premiums reduced 9%, broadly in line with earned policies
- Current year underlying combined operating ratio of 88.4% (vs. 101.6% in the prior year) due to claims frequency benefit from lower miles driven during period of lockdowns (no benefit recognised in HY 2020)
- Claims frequency in most recent months in line with pricing
- Reserve releases of £18.0m, reflecting continued positive experience on large bodily injury claims and partial release of prudent provision established in 2020/21

# TRAVEL IMPACTED BY SUSPENSION INTO H1

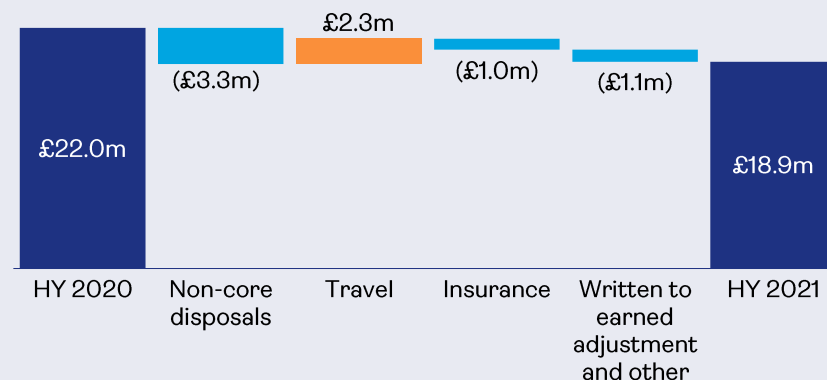
	HY 2021	HY 2020	Variance
Revenue	£10.0m	£49.3m	(80%)
Gross loss	(£18.2m)	(£3.4m)	(435%)
Underlying Loss Before Tax:			
Cruise	(£35.4m)	(£15.4m)	(130%)
Tour Operations	(£15.8m)	(£18.8m)	16%
<b>Total Underlying Loss Before Tax</b>	<b>(£51.2m)</b>	<b>(£34.2m)</b>	<b>(50%)</b>

- Travel business suspended for most of the first half
- Cruise loss impacted by various factors, and is in line with expectations
- Tour Operations loss marginally lower than 2020 due to expense reductions
- Average cash burn rate of £5.9m per month, better than targeted range of £7m-£9m
- Cruise is back in business but H2 is likely to be a transitional period
  - Current 70% booked load factor for 2021/22 may be indicative of FY outcome
  - £13m impact from temporary increase in costs and cruise credits
  - Tour Operations loss likely to be slightly higher than H1

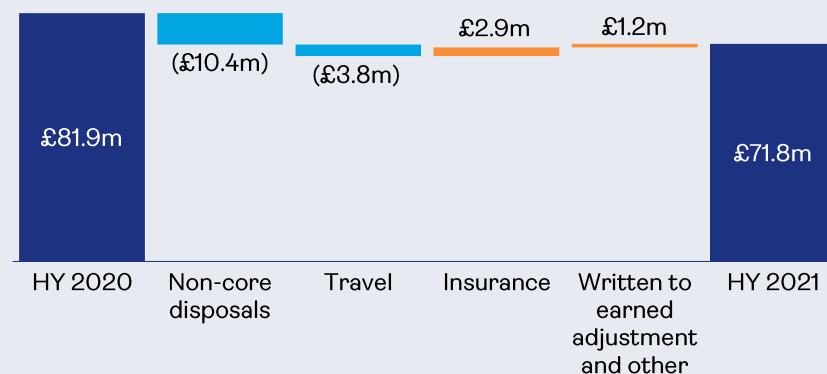
# STABLE UNDERLYING COST BASE

- Marketing and overhead costs (excluding non-core disposals and Travel marketing) 2% lower than HY 2020
- £2.3m increase in marketing costs for the Travel business in the lead up to resumption
- Travel overheads £3.8m below the prior period due to expense savings
- Expect to see c.£20m cost increases in H2 due to some timing effects and investment in growth initiatives, including advertising

## Underlying marketing costs\*



## Underlying administration costs\*

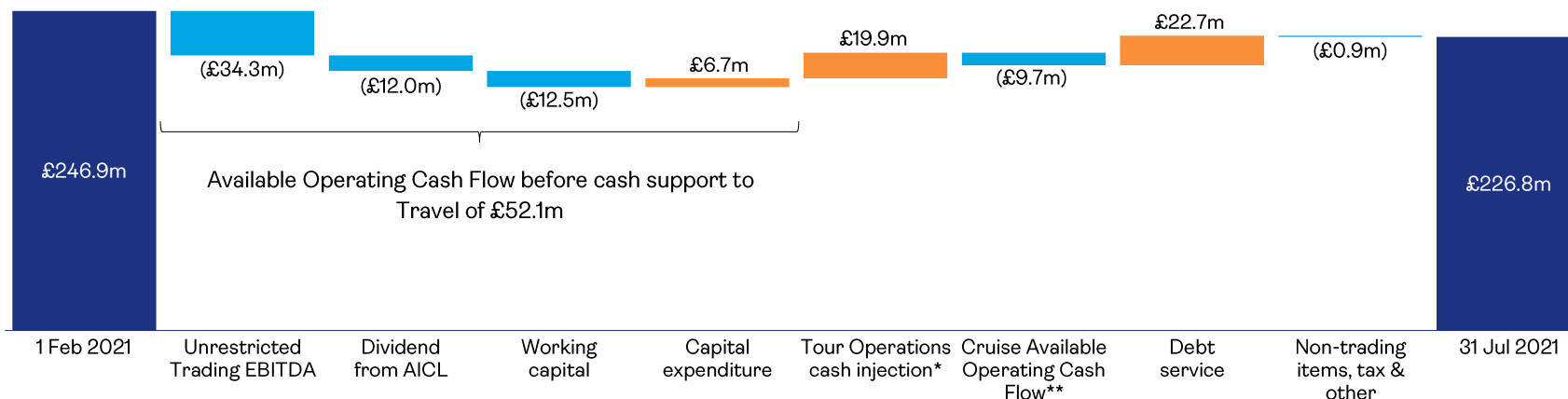


\* Administration and marketing costs are reconciled to the statutory definition on page 38



# NET DEBT CONTINUES TO REDUCE

## Movement in Adjusted Net Debt (excl. Cruise ship facilities)



- Increased operating cash generation, excluding Travel, of £52.1m (2020/21 £45.4m) due to positive change in working capital
- Cruise Available Operating Cash Flow positive at £9.7m, with significant increase in advance receipts more than offsetting trading costs
- Cash support to Tour Operations to fund operating expenses
- Increased debt servicing costs due to a full six months of financing costs in relation to *Spirit of Adventure* alongside one-off costs associated with the ship repayment deferral and the bond issuance

\* Note that the £19.9m cash injection to the Tour Operations business is net of £0.4m restructuring costs

\*\* Cruise cash flow represents net customer refunds and trading costs and capex as shown on page 37

# STRENGTHENED FINANCIAL POSITION

## Actions taken since April

- Revision of covenants attached to the RCF and extension to May 2025
- Issuance of five-year £250m fixed-rate unsecured bond, with the proceeds used to:
  - repay £70m term loan and £100m of existing 2024 bond
  - significantly increase liquidity and
  - reduce refinancing risks

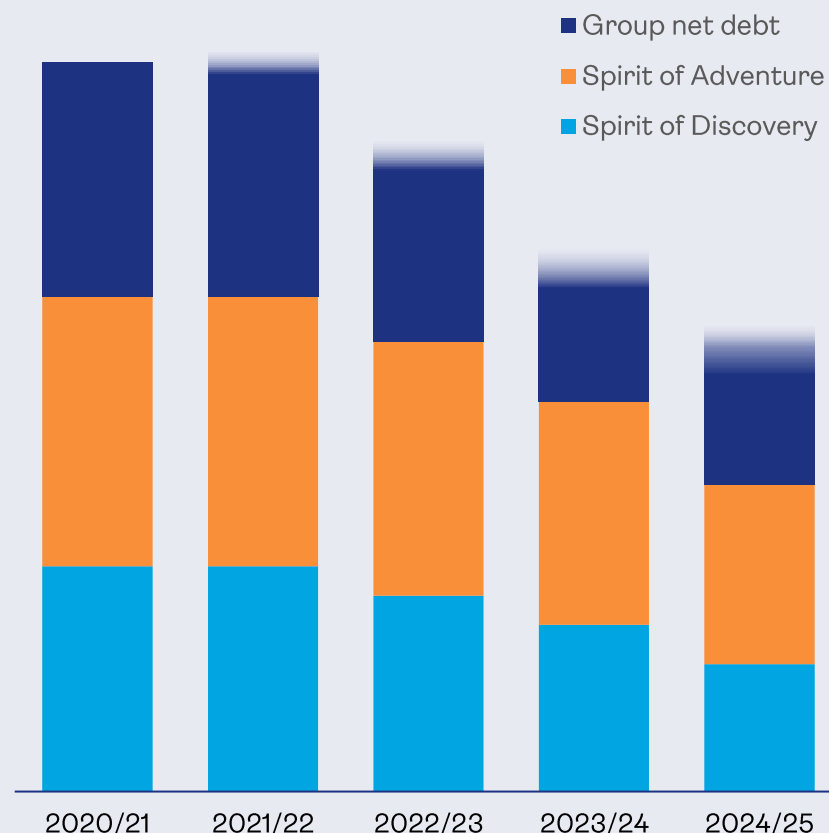
## Confidence in the current position

- £175m Available Cash at 31 July 2021 with £100m undrawn RCF
- 2.4x leverage ratio (excluding Cruise), well within the 4.75x covenant included in the RCF
- Further £26.3m of cash held within the ST&H ring-fenced group, supporting £20.7m of customer receipts
- No payments due on Cruise ship facilities until June 2022
- No debt maturities due until May 2024, and £150m bond due then is expected to be repaid from Available Cash

# FOCUS REMAINS ON REDUCING DEBT

- Deleveraging is a very high priority
- Chart on the right shows expected profile of debt reduction in both the base and reasonable worse case scenarios for the resumption of Travel
- Assumes capital repayments on Cruise debt from June 2022 including 'catch up' payments on amounts deferred
- Includes a reasonably prudent view of the impact of the market study
- Current refinancing assumption is that the amount outstanding on the existing 2024 bond will be repaid from Available Cash at maturity
- Still expect to achieve goal of total leverage ratio below 3.5x by 2024

**Deleverage profile with updated stress test applied**



# PERFORMANCE IN LINE WITH EXPECTATIONS

- Result in line with expectations against backdrop of continuing COVID-19 challenges
  - Insurance delivery across all key metrics
  - Travel costs well controlled
- Positive operating cash generation in the first half, significant improvement compared to the prior period
- Cruise should be EBITDA and cash positive in H2 although with some impact on profitability from external challenges; Tour Operations cash support in H2 likely to be similar to H1
- Strengthened financial position with ample liquidity to withstand future uncertainty





# **STRATEGIC UPDATE**

Euan Sutherland  
Group Chief Executive Officer

**SAGA**

# OUR LONG TERM GROWTH PLAN

**Our purpose**

**Exceptional experiences every day**  
while being a driver of positive change in our markets and communities

**We exist to**

**Uniquely fulfil the needs of older customers**  
with a focused, aligned and winning mindset across our company

**Our core is**

**Exceptional insight**  
knowing our customers, the ageing process and life stages better than anyone on the planet

**We do this every day**

Everything we do for customers and colleagues is

**Simple**

**Personal**

**Special**

**Our strategic priorities**

**People and culture step change**

**Data, digital and brand transformation**

**Optimising our businesses**

**Driving simplicity and efficiency**

**Reducing our debt**

**Driven by our values of**

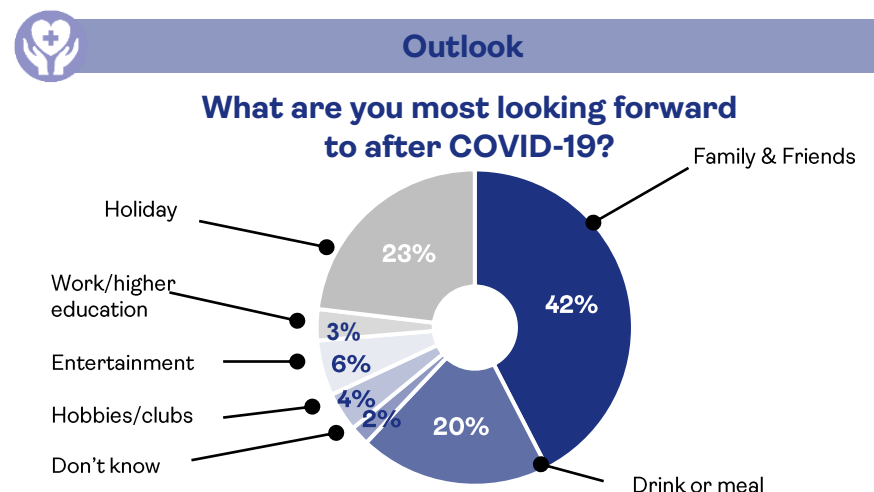
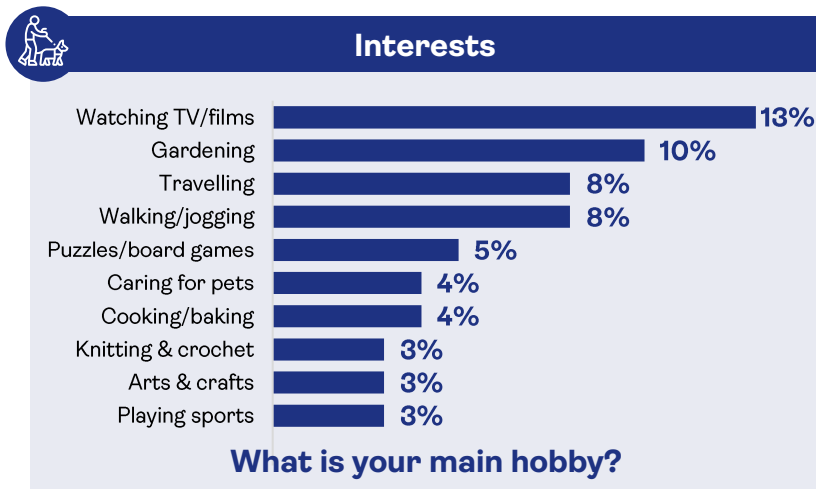
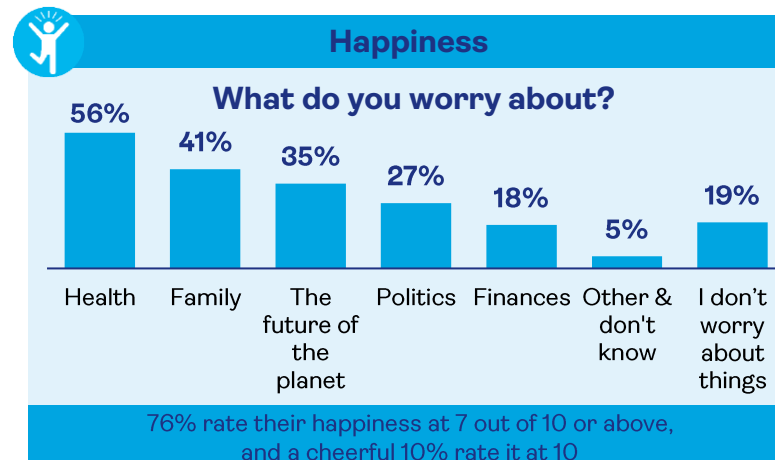
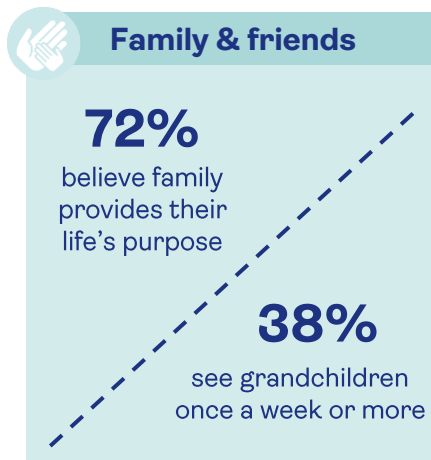
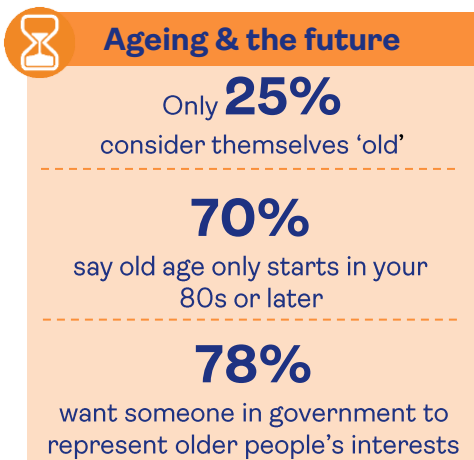


**As a result, we will deliver**

**Consistent growth**  
in customer numbers, revenue and profitability



# UNDERSTANDING OUR CUSTOMERS BETTER THAN ANYONE ELSE



Sources: Saga Magazine, September edition including data based on an online survey of 509 adults conducted by PwC Research in July 2021  
An online survey conducted by PwC Research (March 2021) in which a nationally representative UK sample of 1,022 under 50s and 2,060 over 50s (3,082 in total) were surveyed

# PEOPLE AND CULTURE STEP CHANGE DELIVERY

Focus for 2021/22	
Culture and engagement	<ul style="list-style-type: none"> <li>● Maintain high levels of engagement through delivery of exceptional colleague experiences</li> </ul>
	<ul style="list-style-type: none"> <li>● Successfully embed and live new values</li> </ul>
	<ul style="list-style-type: none"> <li>● Sustain and advance digital communications</li> </ul>
	<ul style="list-style-type: none"> <li>● Build cultural intelligence to accelerate awareness of what it takes to be an inclusive and age friendly employer</li> </ul>
Working@ Saga	<ul style="list-style-type: none"> <li>● Design hybrid working that meets needs of colleagues and customers</li> </ul>
	<ul style="list-style-type: none"> <li>● Deliver exceptional colleague events to enable culture</li> </ul>
	<ul style="list-style-type: none"> <li>● Invest in latest technology enablers</li> </ul>
Perform, learn, grow	<ul style="list-style-type: none"> <li>● Continue to make wellbeing a strategic priority</li> </ul>
	<ul style="list-style-type: none"> <li>● Build a new performance and talent culture</li> </ul>
	<ul style="list-style-type: none"> <li>● Deliver programme of core skills to all colleagues to enable simpler and better ways of working</li> </ul>
Reward and recognition	<ul style="list-style-type: none"> <li>● Launch of new recognition programme</li> </ul>
	<ul style="list-style-type: none"> <li>● Launch of new reward framework for frontline colleagues, focused on exceptional experience</li> </ul>

Status
✓ (ongoing)
✓
✓
On track
On track
On track
On track
✓ (ongoing)
On track
On track
✓
On track

# DATA, DIGITAL AND BRAND TRANSFORMATION DELIVERY

Focus for 2021/22		Status
Data	<ul style="list-style-type: none"> <li>Using customer data, NPS measurement and benchmarking to deliver Exceptional Experiences for customers across all Saga touchpoints</li> </ul>	 (ongoing)
	<ul style="list-style-type: none"> <li>Continued migration of data from legacy platforms – focus on insurance pricing and marketing to optimise decisions and investment</li> </ul>	On track
Digital	<ul style="list-style-type: none"> <li>Continue to build digitally registered and engaged customers through Saga Magazine, expanded digital services and targeted digital marketing</li> </ul>	 (ongoing)
	<ul style="list-style-type: none"> <li>Relaunch of Saga website with a new design, and easier navigation</li> </ul>	On track
Brand	<ul style="list-style-type: none"> <li>Launch new Saga brand identity online and offline, modernising the brand to coincide with Saga's 70<sup>th</sup> anniversary</li> </ul>	On track

# OPTIMISING INSURANCE DELIVERY

## Focus for 2021/22

- Relaunch of motor and home product-set expected in 2021/22
- Final preparations in advance of the market study implementation
- Future Operations Programme underway to step change customer facing capability
- Legacy programme migration complete in 2022
- New Saga equity release and cash ISA launching in H2 2021
- Appointment of new CEO of Insurance

## Status

On track

On track

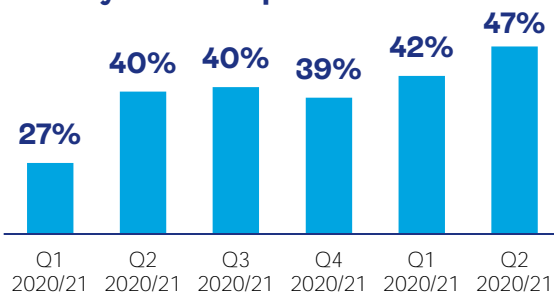
On track

On track

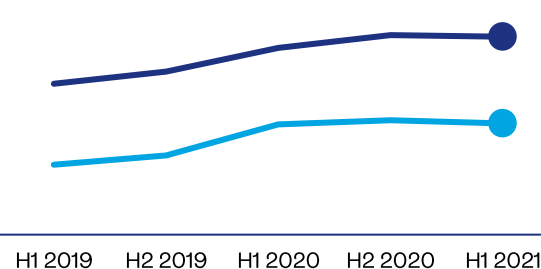
On track



## Three-year fixed-price sales



## Motor and home retention



# OPTIMISING TRAVEL DELIVERY

## Focus for 2021/22

- Safe and successful restart of Cruise with international sailing underway
- Robust COVID-19 protocols working well
- Phased restart of Tour Operations, including launch of *Spirit of the Rhine*
- High proportion of customers retained throughout suspension
- Strong load factors and per diems into H2, despite restrictions on early sailings
- Confidence into 2022/23, with current bookings ahead of pre-pandemic levels

## Bookings at 11 September 2021

	2021/22	2022/23
Cruise load factor	70%	59%
Cruise per diems	£302	£306
Tours revenue	£17.8m	£108.7m
Tours passengers ('000)	12.1	40.8



## Status



Underway



On track

## Cruise customer satisfaction (out of 10)

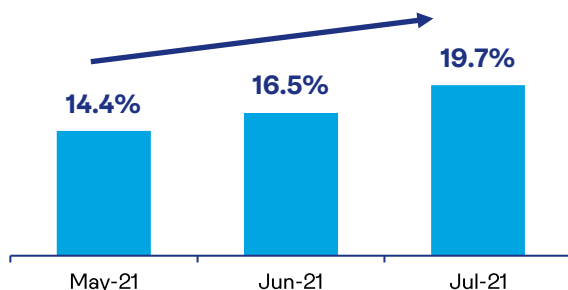
Value for money	8.6
Attitude/friendliness	9.8
Crew	9.7
Excursions	8.2
Itineraries	8.4
Entertainment	8.0
Food	9.2
Ship facilities	9.3
Appearance of ship	9.7
Standard of cabins	9.6

# DRIVING SIMPLICITY AND EFFICIENCY DELIVERY

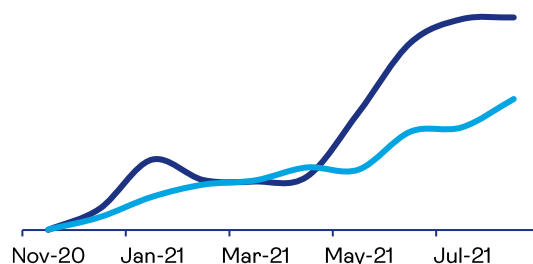
## Focus for 2021/22

- More customers retained through the mid-term adjustment (MTA) rebroke process, offering more flexibility when making a policy change midway through the term
- Increased sales of new motor price-comparison product
- Increased uptake of online self-serve portal, allowing customers to make MTAs online, whilst reducing volume through the contact centre
- Digitisation of customer feedback, providing faster and greater insight into guest satisfaction
- Rationalisation of office space
- Completed first phase of Enbrook refurbishment, in line with future working strategy

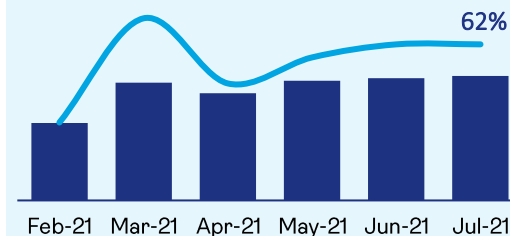
## Proportion of re-brokered MTAs



## Online self-serve volumes (renewals and MTAs)



## Sales of motor price-comparison product (incl. proportion of total motor price-comparison sales)



## Status



On track





# ESG HIGHLIGHTS



## Environmental

- Cruise ships fully compliant with International Maritime Organisation Conventions
- Engaging with marine experts to assess emerging fuel and battery technology to identify further reductions in the carbon emissions from ocean and river cruise ships

**30%** expected carbon emission reductions (per passenger vs. previous fleet)



**£126,000**  
donated to UK  
charities and  
sponsorships

**1,743 hours**  
colleague  
volunteering time

Thanet office used by the NHS as a  
vaccination centre with  
**115,000 vaccinations to date**

## Social

- Official Disability Confident committed employer, ensuring our recruitment process is inclusive and accessible
- Member of the 30% Club in partnership with Women Ahead
- Signatory of the Armed Forces Covenant and received Silver Award from Employer Recognition Scheme



## Governance

- Requirement for new, or renewed supplier contracts to demonstrate ESG credentials and alignment to UN Sustainability Goals
- Surveyed top suppliers to determine current and planned approach to ESG
- Plan to link executive compensation to ESG targets for 2022/23



# CONFIDENCE IN OUR FUTURE

- Strong progress against each of our strategic priorities, delivering the foundations for future growth
- Brand relaunch planned for later this year, supported by data and digital step change
- Strong pipeline of future Travel bookings
- Mindful of remaining COVID-19 uncertainties but emerging stronger from the pandemic
- Focus remains on reducing debt and the continued execution of our operational turnaround strategy
- Remain on track to achieve the targets set in September 2020 post-pandemic
- Provides the foundation for new sources of growth based on a deep insight and data and digital capabilities





## **APPENDIX**

**SAGA**

# SAGA PLC CONSOLIDATED INCOME STATEMENT

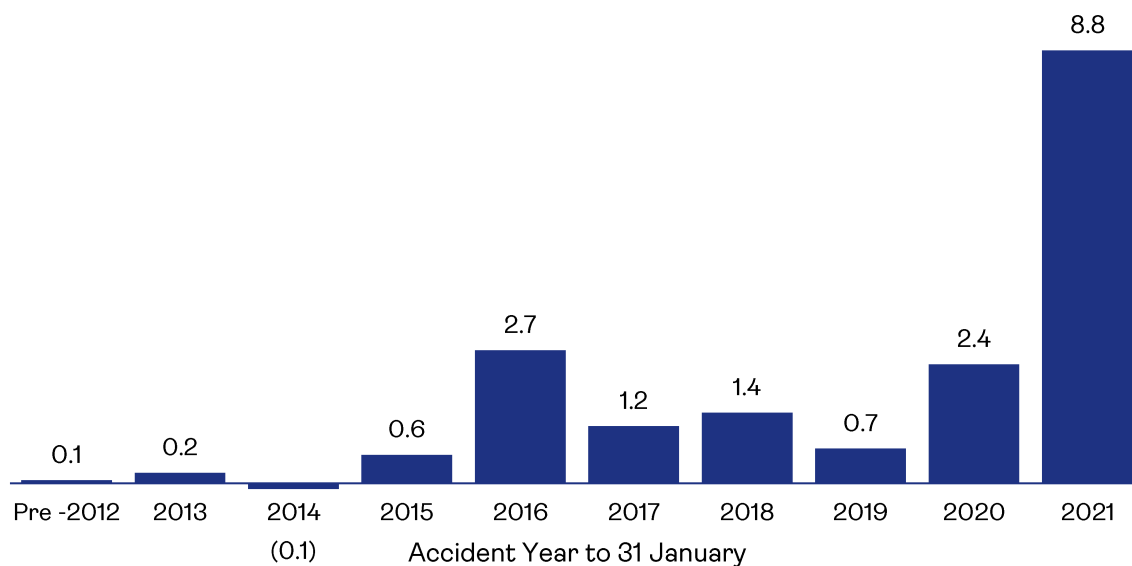
	HY 2021	Change	HY 2020
Revenue	£156.4m	(19%)	£192.4m
Underlying (Loss)/Profit Before Tax			
Total Retail Broking (earned)	£37.9m	(10%)	£42.0m
Underwriting	£31.1m	11%	£28.0m
Total Insurance	£69.0m	(1%)	£70.0m
Travel	(£51.2m)	(50%)	(£34.2m)
Other Businesses and Central Costs	(£11.1m)	2%	(£11.3m)
Net finance costs	(£9.5m)	(10%)	(£8.6m)
Total Underlying (Loss)/Profit Before Tax	(£2.8m)	(118%)	£15.9m
Net fair value (losses)/gains on derivatives	(£3.2m)		£1.9m
Profit on disposal of assets	£7.1m		£4.5m
Restructuring costs	(£0.4m)		(£28.3m)
Net profit on disposal of businesses	-		£10.3m
Impairment of Travel goodwill	-		(£59.8m)
Profit/(loss) before tax	£0.7m	101%	(£55.5m)
Tax expense	(£3.8m)	(138%)	(£1.6m)
Loss after tax	(£3.1m)	95%	(£57.1m)
Basic earnings per share:			
Underlying (Loss)/Earnings Per Share	(2.7p)	(109%)	30.7p
Loss per share	(2.2p)	97%	(69.7p)

# INSURANCE UNDERWRITING INCOME STATEMENT

		HY 2021	Quota Share	Underlying HY 2021	Change	Underlying HY 2020
Net earned premium		£27.3m	(£56.8m)	£84.1m	(9%)	£92.5m
Other revenue		£19.0m	£16.1m	£2.9m	1,550%	(£0.2m)
Revenue	A	£46.3m	(£40.7m)	£87.0m	(9%)	£92.3m
Claims costs	B	(£22.9m)	£41.2m	(£64.1m)	19%	(£79.2m)
Reserve releases	C	£9.3m	(£8.7m)	£18.0m	(33%)	£27.0m
Other cost of sales	D	(£1.9m)	£5.9m	(£7.8m)	18%	(£9.5m)
	E	(£15.5m)	£38.4m	(£53.9m)	13%	(£61.7m)
Gross profit		£30.8m	(£2.3m)	£33.1m	8%	£30.6m
Operating expenses	F	(£1.6m)	£3.4m	(£5.0m)	2%	(£5.1m)
Investment return		£1.9m	(£2.2m)	£4.1m	17%	£3.5m
Quota share net cost		-	£1.1m	(£1.1m)	(10%)	(£1.0m)
Underlying Profit Before Tax		£31.1m	-	£31.1m	11%	£28.0m
Reported loss ratio	(B+C)/A	29.4%		53.0%	(3.6ppt)	56.6%
Expense ratio	(D+F)/A	7.6%		14.7%	(1.1ppt)	15.8%
Reported COR	(E+F)/A	36.9%		67.7%	(4.7ppt)	72.4%
Current year COR	(E+F-C)/A	57.0%		88.4%	(13.2ppt)	101.6%
Number of earned policies				356k	(8%)	386k

# RESERVE RELEASES

**HY 2021 Total Group motor reduction in best estimate claim costs and COVID-19 surplus by accident year (£'m)**



*Note that data shown reflects movements in the underlying actuarial best estimate for accident years up to the year ended 31 January 2020 and excludes the release of any margin associated with those years*



# TRAVEL INCOME STATEMENT

	HY 2021				HY 2020		
	Tour Operations	Cruising	Total Travel	Change	Tour Operations	Cruising	Total Travel
Revenue	£2.0m	£8.0m	£10.0m	(80%)	£33.0m	£16.3m	£49.3m
Gross loss	(£1.2m)	(£17.0m)	(£18.2m)	(435%)	-	(£3.4m)	(£3.4m)
Marketing expenses	(£4.1m)	(£4.4m)	(£8.5m)	(27%)	(£3.8m)	(£2.9m)	(£6.7m)
Other operating expenses	(£10.5m)	(£4.5m)	(£15.0m)	21%	(£14.9m)	(£4.0m)	(£18.9m)
Investment return	-	£0.1m	£0.1m	100%	-	-	-
Finance costs	-	(£9.6m)	(£9.6m)	(85%)	(£0.1m)	(£5.1m)	(£5.2m)
Underlying Loss Before Tax	(£15.8m)	(£35.4m)	(£51.2m)	(50%)	(£18.8m)	(£15.4m)	(£34.2m)
Ave. revenue per passenger	£2,000	£2,667	£2,500	(9%)	£2,750	£2,717	£2,739
Holidays passengers ('000)	1		1	(92%)	12		12
Cruise passengers ('000)		3	3	(50%)		6	6
Cruise passenger days ('000)		23	23	(62%)		61	61
Load factor		56%	56%	(27ppts)		83%	83%
Per diems		£294	£294	22%		£241	£241

# OTHER BUSINESSES AND CENTRAL COSTS

	HY 2021	HY 2020	Variance
Revenue	£8.5m	£9.4m	(10%)
Gross profit	£4.6m	£4.3m	7%
Operating expenses	(£14.5m)	(£14.6m)	1%
IAS 19R pension charge	(£1.2m)	(£1.0m)	(20%)
Net finance costs	(£9.5m)	(£8.6m)	(10%)
Underlying Loss Before Tax	(£20.6m)	(£19.9m)	(4%)

Of which:

Other Businesses	£1.1m	£1.2m	(8%)
Central Costs	(£21.7m)	(£21.1m)	(3%)

## Other Businesses

- Includes the Group's personal finance, and media, mailing and printing businesses

## Central Costs

- Administrative costs slightly lower than in prior period
- Increased finance costs due to the new bond issue alongside one-off costs in relation to amendments to covenants and cruise ship debt deferrals

# OTHER BUSINESSES AND CENTRAL COSTS INCOME STATEMENT

	HY 2021				HY 2020		
	Other Businesses	Central Costs	Total	Change	Other Businesses	Central Costs	Total
Revenue							
Personal Finance	£2.8m	-	£2.8m	(15%)	£3.3m	-	£3.3m
Healthcare	-	-	-	(100%)	£1.1m	-	£1.1m
Printing and media	£4.9m	-	£4.9m	17%	£4.2m	-	£4.2m
Other	-	£0.8m	£0.8m	-	-	£0.8m	£0.8m
Total revenue	£7.7m	£0.8m	£8.5m	(10%)	£8.6m	£0.8m	£9.4m
Gross profit	£2.8m	£1.8m	£4.6m	7%	£2.6m	£1.7m	£4.3m
Operating expenses	(£1.7m)	(£12.8m)	(£14.5m)	1%	(£1.4m)	(£13.2m)	(£14.6m)
IAS19R pension charge	-	(£1.2m)	(£1.2m)	(20%)	-	(£1.0m)	(£1.0m)
Net finance costs	-	(£9.5m)	(£9.5m)	(10%)	-	(£8.6m)	(£8.6m)
Underlying Profit/(Loss) Before Tax	£1.1m	(£21.7m)	(£20.6m)	(4%)	£1.2m	(£21.1m)	(£19.9m)

# CASH FLOW AND LIQUIDITY

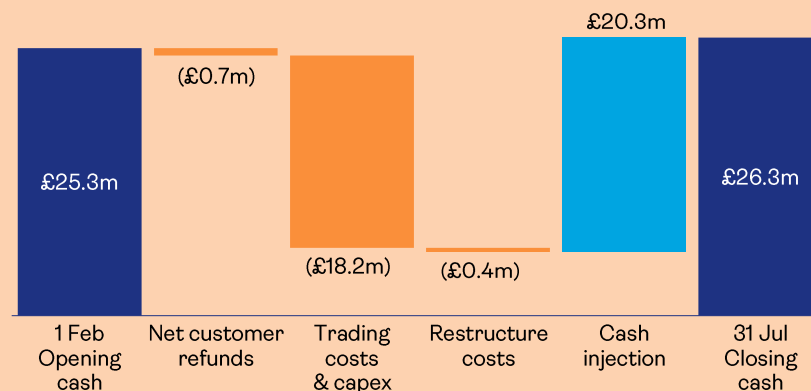
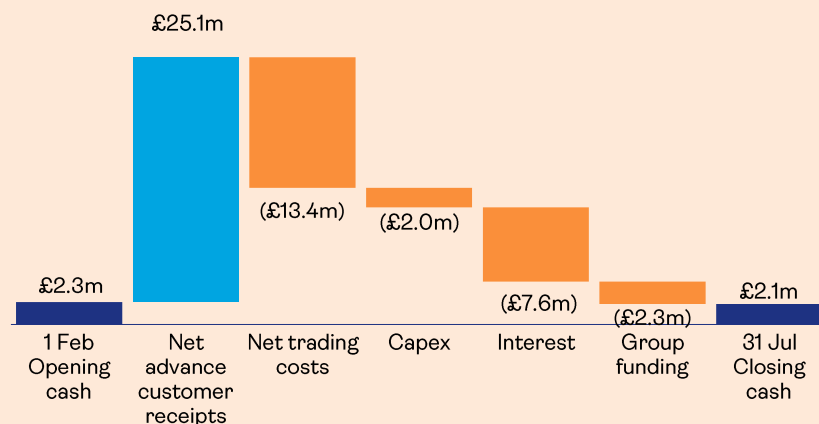
	HY 2021	Change	HY 2020
Retail Broking Trading EBITDA	£40.9m	(9%)	£44.8m
Other Businesses and Central Costs Trading EBITDA	(£6.6m)	(20%)	(£5.5m)
Trading EBITDA from unrestricted entities	£34.3m	(13%)	£39.3m
Dividends paid by Underwriting business	£12.0m	-	£12.0m
Working capital and non-cash items	£12.5m	1,350%	(£1.0m)
Capital expenditure funded with available cash	(£6.7m)	(37%)	(£4.9m)
Available Operating Cash Flow before injections to Travel operations	£52.1m	15%	£45.4m
Cash injection into Tour Operations	(£19.9m)	57%	(£46.0m)
Cruise Available Operating Cash Flow	£9.7m	143%	(£22.6m)
Available Operating Cash Flow	£41.9m	281%	(£23.2m)
Restructuring costs paid	(£0.5m)	97%	(£19.8m)
Interest and financing costs	(£22.7m)	(55%)	(£14.6m)
Business and property disposals	£4.5m	(75%)	£17.8m
Tax receipts / (payments)	£0.9m	127%	(£3.3m)
Other payments	(£4.2m)	53%	(£9.0m)
Change in cash flow from operations	£19.9m	138%	(£52.1m)
Change in bond debt	£150.0m	-	-
Change in bank debt	(£70.0m)	(275%)	£40.0m
Cash at 1 February	£75.4m	84%	£40.9m
Available Cash at 31 July	£175.3m	509%	£28.8m

# CASH SUPPORT PROVIDED TO TRAVEL

- Average H1 cash burn rate of £5.9m per month, below the expected range of £7m-£9m. A full reconciliation can be found on page 38
- Overall Cruise Available Operating Cash Flow, after accounting for customer receipts positive at £9.7m

## Cruise cash flow

- Significant increase in advance customer receipts in the lead up to resumption
- Trading costs include benefit of cash received in relation to departed cruises
- Interest costs reflect two ships for the full six months



## Tour Operations cash flow

- £20.3m cash support provided, significantly lower than HY 2020, due to:
  - shift to trust accounting, with customer advance receipts fully ring-fenced and
  - lower supplier payments
- Advance receipts >100% cash collateralised

# RECONCILIATIONS

## Underlying to statutory marketing and administration costs

	HY 2021	HY 2020
Underlying marketing costs (page 14)	£18.9m	£22.0m
Underlying administration costs (page 14)	£71.8m	£81.9m
Total underlying marketing and administration costs	£90.7m	£103.9m
Restructuring costs	£0.4m	£18.6m
IAS 19 charge	£1.2m	£1.0m
Write-off Destinology current assets	-	£4.2m
Write-off <i>Saga Sapphire</i> technical stocks	-	£1.9m
Statutory administration and marketing costs	£92.3m	£129.6m

## Travel monthly burn cost

	HY 2021
Cruise trading costs (per page 37)	(£13.4m)
Cruise interest (accruals basis)	(£7.4m)
Total Cruise	(£20.8m)
Tour Operations EBITDA	(£14.8m)
Total Travel (per month)	(£35.6m) (£5.9m)

# SUMMARY OF BANKING FACILITIES AND COVENANTS

## Summary of banking facilities

- No capital repayments due under the Cruise ship facilities until June 2022
- No plc dividends until deferred amounts repaid in full
- £40m minimum liquidity requirement under both ship and corporate facilities
- £100m undrawn RCF

	Outstanding	Expiry
Corporate bond 2026	£250m	July 2026
Corporate bond 2024	£150m	May 2024
<i>Spirit of Discovery</i>	£235m	June 2031
<i>Spirit of Adventure</i>	£281m	September 2032
RCF	£100m available	May 2025

## Covenants attached to the RCF

- £115m lending limit between Saga plc and the Cruise business
- No plc dividends if leverage ratio\* is greater than 3.0x EBITDA

	Leverage ratio*	Interest cover
July 2021	4.75x	1.25x
October 2021	4.50x	1.25x
January 2022	4.25x	1.25x
July 2022	3.75x	2.00x
January 2023	3.75x	2.50x
July 2023 onwards	3.0x	3.5x

\* Representing Adjusted Net Debt to Adjusted Trading EBITDA