

## The AA at a glance

# Our business at a glance

### Overview

We operate three divisions: **Roadside Assistance, Insurance Services and Driving Services**. We also operate in **Ireland** providing Roadside Assistance and Insurance Services. Here we give you an overview of these businesses.

### Roadside Assistance

Revenue	Personal Members	Business Customers
<b>£728.1m</b>	<b>3.8m</b>	<b>9.6m</b>
Trading EBITDA	Number of patrols	Breakdowns attended
<b>£358.9m</b>	<b>3,081</b>	<b>3.5m</b>

The AA is the UK's leading provider of roadside assistance, with approximately 3,000 patrols attending an average of around 10,000 breakdowns by cars, motorbikes, caravans and vans every day.

They deal with a multitude of malfunctions at the roadside, successfully repairing approximately 80% of breakdowns in the last 12 months. When a Member's vehicle cannot be repaired at the roadside, our dedicated fleet of towing vehicles enables us to reduce the time a Member spends at the roadside, which provides us with a major differentiator versus our competitors. Another differentiator is that our patrols attend approximately 90% of breakdowns, a higher percentage than our competitors. The remainder are served by third-party garages that provide flexibility during periods of peak demand.

During the year, our patrols responded to 3.5 million breakdowns, of which approximately 17% – the most frequent – were caused by battery faults and a further 15% related to tyres. Overall however, 31% of breakdowns arose from errors on the part of drivers, for example, using the wrong fuel or lost keys.

**Personal Members** buy their AA cover directly through our sales channels. We have 3.8 million Personal Members for whom we provide Recovery, Home or Replacement Vehicle, Transfer or Accommodation services.

**Business Customers** receive AA roadside assistance cover indirectly, as a complementary service in addition to the products they purchase from our partners. These partners include car manufacturers, of which the AA has a 67% market share. During the year we won contracts with VWG, Hyundai and Porsche, as well as retaining our contracts with Ford and Jaguar Land Rover. We also renewed our contract with Lloyds Banking Group and TSB Bank to provide roadside assistance to their customers. Other business partners include fleet and vehicle leasing companies.

### A year of achievements



**2014 February**  
Severe weather teams deployed to areas affected by the worst tidal surges in 60 years



**March**  
Lloyds Banking Group, the AA's largest customer, renewed its contract for five years



**March**  
The AA launched the Think Bike campaign with Chris Boardman and John McGuinness



**June**  
Launched the Volkswagen Group assistance contract



**June**  
The AA listed on the London Stock Exchange and 58% of eligible employees joined the AA Employee Share Incentive Plan

## Insurance Services

Revenue	Policies
<b>£142.4m</b>	<b>2.2m</b>

Trading EBITDA	Income per policy
<b>£83.9m</b>	<b>£66</b>

The AA offers Motor, Home, Home Emergency Response, Travel and other specialist insurance policies. We act as broker for the insurer, operating a diverse panel of third-party underwriters, including many of the UK's major insurance underwriters.

**Motor Insurance** contributes the majority of our insurance business revenue. We offer a range of packages from comprehensive cover to third-party fire and theft. Optional extras such as legal assistance, excess protection and car hire, are also available.

**Home Insurance** is the second largest contributor of insurance revenue. We offer AA buildings and contents insurance and customers can also purchase a number of additional products, the most significant of which is Home Emergency Response.

Our **Financial Services** business offers a variety of products including savings, loans and credit cards.

## Driving Services

Revenue	DriveTech Police contracts
<b>£73.7m</b>	<b>11</b>

Trading EBITDA	Driving instructors
<b>£20.4m</b>	<b>2,670</b>

The Driving Services segment comprises our driving schools and AA DriveTech business.

The **AA Driving School** and the **British School of Motoring** make the AA market leader in driving schools, with a combined share of pupils estimated at approximately 11%. They are taught by 2,670 franchised instructors who receive a car and branding support in return for a fee.

**AA DriveTech** is one of two market leaders providing driver education, including **DriverAware** courses which are offered by Police forces. We currently have contracts with 11 of the 45 Police forces in the UK, including our largest such contract, with Thames Valley Police, which we renewed in January 2014 for a further three years.

## Ireland

Revenue	Personal Members
<b>£38.7m</b>	<b>119,000</b>

Trading EBITDA	Insurance policies
<b>£14.8m</b>	<b>178,000</b>

Our three main products in Ireland broadly mirror those in the UK.

**Road Membership**, which provides 24 hour a day roadside assistance for vehicles, represents the largest source of income in Ireland. We have 119,000 Personal Members and 165,000 indirect Business Customers whose cover is provided as a complementary service by our business partners. We are the only branded provider of roadside assistance in Ireland.

In Ireland, **AA Motor Insurance** offers insurance policies underwritten by a panel of underwriters and **AA Home Insurance** offers AA-branded home insurance policies underwritten by a third-party insurer.



**August**  
Jim Haggart, our longest-serving patrol man retired after 48 years with the AA and rescuing more than 86,000 motorists



**October**  
The AA introduces windscreen stickers to replace car tax discs



**November**  
The appointment of our CFO, Martin Clarke, and Senior Independent Director (SID), John Leach

**£175m**  
PIK pay-down

**December**  
Paid down £175m or 50% of the PIK



**2015 January**  
The AA was transferred to the LSE's Premium List