



## RAC GROUP | INTERIM REPORT 2012

**RAC**  
the driving people



## Market and economic climate

The economic climate in the UK, RAC's primary market, continues to be very challenging with significant volatility in fuel prices and the increased cost of motoring, combined with the backdrop of economic recession, putting pressure on consumers' disposable income.

- RAC published its 24th annual "Report on Motoring" in the period, continuing to play a lead role in promoting UK motoring interests and issues.
- Member confidence in our services during this difficult period remains strong, enabling RAC to maintain its market position.
- RAC continues to grow its corporate partners business, winning more new contracts with leading UK companies.



## Performance

During the period the Group has achieved improved financial performance in sales revenue and EBITDA against the equivalent period last year with continued growth in revenues from both breakdown and other products. The share of non-breakdown revenue increased further to 11.5% in the first half of 2012, up from 10% in 2011 and 7.5% in 2010.

The Group seeks to be as efficient as possible in its use of working capital and continues to deliver strong cash generation. This, together with the strong financial performance, has enabled the Group to voluntarily repay £70 million against its senior debt facility in the period, ahead of schedule.

The business continues to operate comfortably within the covenants on its loans and retains significant cash reserves.



## Major developments

RAC has now built strong standalone capability, systems and processes – a huge achievement as the separation from Aviva successfully draws to a conclusion.

The new senior management team is now fully in place with the recent appointment of a Chief Marketing Officer and Business Services Director, adding to the considerable experience of the Executive team. The marketing team has been significantly strengthened following the separation from Aviva and is now fully operational in our Bristol office. This further enables our continued commitment and focus on the development and launch of new products and propositions during 2012.

## Summary

Despite the challenging market environment the Group's performance in the first half of 2012 has exceeded expectations.

RAC have experienced extremes of weather in the first half of the year seeing demand vary significantly from day to day and across region in a period that included the wettest June since 1860. Despite this, first class patrol teams have ensured customer service levels remained consistent throughout. This is evidenced through RAC maintaining its highest ever Net Promoter Score of 85% during the period, compared to 83% for the equivalent period in 2011.

RAC continually seeks to develop its strong brand with recent activities including the sponsorship of the Goodwood Festival of Speed in June and a TV advertising campaign running over the summer. This brand strength and focus on customer service have recently been recognised at the prestigious Your Money Awards where RAC won the 'Best Online Motor Insurance Provider' award.

RAC team's commitment and passion has enabled this successful first half of the year. The team remain dedicated to pursuing the RAC mission to become the premier organisation for motorists through responding to customer needs and developing opportunities for growth.





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