

2011 Half Year Results



August 2011



INTRODUCTION & AGENDA

Eric Woolley, Group CEO

- **2011 Half Year Highlights**

- Financial Highlights
- Operational Highlights

Eric Woolley

- **Financial & Regional Performance**

- Financial Performance
- KPIs
- Regional Performance

Shaun Parker

- **Strategy & Outlook**

- Strategy
- Summary & Outlook

Eric Woolley

Revenue growth remains strong -11% Group organic growth

Revenue Growth

up **10%**

to £172.1m
(H1 2010 £156.9m)

Underlying Operating Profit

up **1%**

to £24.3m
(H1 2010 £24.0m)

Underlying Profit after Tax

up **6%**

to £16.5m
(H1 2010 £15.6m)

Earnings per share

up **28%**

to 9.34 pence
(H1 2010 7.29p)

Interim Dividend maintained

at **2.42**

pence per share
(H1 2010 2.42p)

Net debt remains low

at **£7.2m**

(FY 2010 £2.2m)

Northern Europe

- 12% organic revenue growth driven by Packaged Accounts and Mobile insurance
- Negative impact due to suspension of UK Identity Protection sales and the ongoing FSA investigation
- New, non-insured Identity Protection product developed for UK
- Growing profits and renewals in Turkey

Southern Europe & Latin America

- Resilient performance in Southern Europe despite economic conditions
- Good progress in Mexico and preparations well advanced for Brazil launch

North America

- Strong revenue and profit performance in USA with execution of major campaigns with key business partners
- Debit card re-branding campaign with Sovereign Bank

APAC

- 17% organic revenue growth in Asia
- Retail campaigns commenced with partners in China following successful pilot programmes
- Strong partner base in India, including new contract with SBI Cards

- **Key dates**
 - **FSA investigation in UK announced 28th March 2011- principally Identity Protection, Card Protection also in scope**
 - **CPP stops selling Identity Protection in CPP managed channels, 28th March 2011**
 - **Barclaycard suspension of call to confirm channel announced 11th April 2011**
 - **CPP introduced new non-insured Identity Protection product, 19th May 2011 – currently available via direct and web channel, and in discussion with business partners**
- **FSA investigation continues, however unclear regarding timetable for resolution – this impacts partner re-engagement with Identity Safe**
- **Quarterly growth analysis highlights adverse impact associated with FSA investigation:**

Northern Europe Quarterly Performance	Six months ended 30 th June 2011	Three months ended 31 st March 2011	Three months ended 30 th June 2011
Revenue growth	12%	17%	8%
Underlying operating profit growth	3%	24%	(12%)

Growth excludes the impact of foreign exchange

- In UK, CIFAS reports 10% increase in identity fraud in H1 2011, compared with H2 2010
 - 46% of all frauds recorded are Identity frauds
 - A further 10% of frauds involve the illegal hijacking of a victims account
- Ongoing press coverage regarding identity theft in UK

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PlayStation Network users fear identity theft after major data leak

Sony issues worldwide alert after personal details of 77 million PlayStation users, including 3 million Britons, stolen by hackers

Don't fall victim to financial crooks

ID THEFT.. IT COULD BE YOU

By TRICIA PHILLIPS
Consumer Journalist of the Year
t.phillips@the-sun.co.uk

MORE than 50,000 people had their identity stolen during the first six months of this year that's hundreds every single day falling victim to crooks.

But it's not just ID theft. More than 100,000 were victims of some form of financial fraud - up 10% on the last six months of 2010.

Fraud figures fell early last year but are being pushed back up, reaching their highest levels in years.

Having your ID stolen causes havoc to your everyday life and can leave you

prevention services, says crooks are now targeting credit cards and smartphones to get their hands on your personal information.

Families about to head off on their summer holidays are being warned not to let their guard down to ensure that they return with their identity and financial details intact.

The Ministry of Justice offers rich pickings at both home and abroad for thieves.

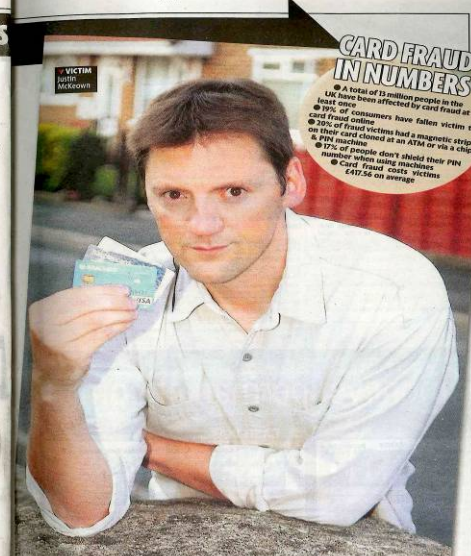
whether it's sensitive information on a laptop, a credit card or a smartphone.

Richard Harley from CIFAS says:

WITH the economic

WARNING
Don't let your holiday melt

Crooks are targeting credit cards and smartphones for personal info



THE Sun

Wednesday, 17 August 2011

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News

EXCLUSIVE

Brits' bank data sold for pennies

Cops hail Sun for exposing Indian call centre scam

By BRIAN FLYNN
Published: 02 Aug 2011



With complex and technical issues to resolve, customers value our assistance

“Without CPP’s help I think I probably would have been stressed to death trying to figure out how to deal with it myself. ”

Mrs P, Cheshire

“I can’t thank all of the folk I spoke to enough really because they really put my mind at rest.”

Miss R, Aberdeen

“It just makes you feel quite sick really. **My concerns were trying to get someone to listen**...CPP made me feel like there was someone else there helping. **It was good that there was somebody there that believed you, trying to help you** ”

Mrs S, Derbyshire

“Well I’d recommend them to anybody. I seriously would because, as I say, the quickness, the swiftness of my case being dealt. I wasn’t left alone. I was guided through it. **To me it’s very professional. I’m delighted with it.**”

Mr S, Coventry

“The caseworker was brilliant. The manner she dealt with me, her helpfulness and also she kept me informed of what was happening. She was there for us. **Anything I was worried about I could ring her and she would sort it. It was great.**”

Mr D, Bucks

“Without CPP Identity Protection I wouldn’t have known where to go. I would not have known where to start. **Honestly, I would have had nowhere else to go. I would have been very frightened...They’ve been very, very helpful. They’ve been absolutely brilliant.**”

Mr H, Blackpool

FINANCIAL & REGIONAL PERFORMANCE

Shaun Parker, Group CFO

Group financial highlights



£ millions	H1 2011	H1 2010	%
Revenue	172.1	156.9	10%
Underlying operating profit ¹	24.3	24.0	1%
Profit before tax			
Reported	23.1	17.4	33%
Underlying ²	23.9	22.7	5%
Profit after tax			
Reported	15.9	11.8	35%
Underlying ²	16.5	15.6	6%
Basic earnings per share (pence)			
Reported	9.34	7.29	28%
Underlying ²	9.69	9.65	Nil%
Interim dividend per share (pence)	2.42	2.42	Nil%

1 Excluding legacy scheme share based payments

2 Excluding legacy scheme share based payments and exceptional amortisation of capitalised loan issue costs

Analysis of reported results



£ millions	H1 2011	H1 2010	%
Underlying operating profit ¹	24.3	24.0	1%
Legacy scheme shared based payments	(0.8)	(2.2)	(64)%
Reported operating profit²	23.5	21.8	7%
Exceptional amortisation of capitalised loan issue costs	-	(3.1)	-
Other interest costs	(0.4)	(1.4)	(73)%
Profit before tax	23.1	17.4	33%
Tax	(7.1)	(5.6)	
- <i>Effective tax rate</i>	31.0%	32.0%	(1.0)%
Profit after tax	15.9	11.8	35%
Basic earnings per share (pence)	9.34	7.29	28%

1 Excluding legacy scheme share based payments

2 After charging legacy scheme share based payments

Analysis of operating cash flows



£ millions	H1 2011	H1 2010
Reported operating profit	23.5	21.8
Share of loss of JV	0.7	0.4
Depreciation, amortisation and other non cash items	7.4	7.0
Working capital movements excluding share schemes/loan notes	(15.0)	(8.0)
Cash generated by operations	16.6	21.3
Share schemes/loan notes movements ¹	(0.2)	(3.8)
Tax	(4.7)	(2.5)
Operating cash flow¹	11.7	15.0

¹ Excluding loan note redemptions

Working capital	2011	2010
Receivables	(10.0)	(4.1)
Insurance balances	(4.4)	(2.6)
Payables	(0.7)	(1.4)
Other	-	0.2
Net Impact	<u>(15.0)</u>	<u>(8.0)</u>

- Increase in receivables from revenue growth and timing of cash receipts from our Packaged Accounts business
- Increase in insurance balances from timing of collections and Business Partner receipts

Analysis of cash flows



£ millions	H1 2011	H1 2010
Operating cash flow¹	11.7	15.0
Capital expenditure (including intangibles)	(7.6)	(7.7)
Investment in subsidiary/JV	-	(0.3)
Net finance costs	(0.2)	(0.9)
Cash flow before dividends and IPO	3.9	6.1
Dividends	(8.8)	-
IPO ²	0.2	31.7
Net movement in cash/borrowing	(4.7)	37.9
Net debt³	(7.2)	(13.2)

1 Excluding loan note redemptions

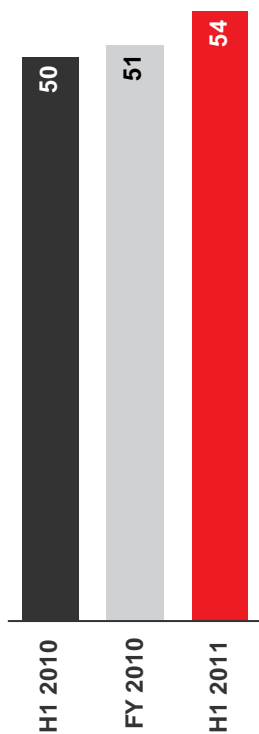
2 Comprises net share option and IPO proceeds, debt issue costs and loan note redemptions

3 Includes unamortised issue costs

£ millions	H1 2011	H1 2010
Property, plant and equipment	0.8	1.7
Fixed assets	0.8	1.7
Software	1.8	1.7
Acquisition of business partner intangibles – ongoing	2.7	2.7
Acquisition of business partner intangibles – one off	-	2.5
Intangible assets	4.6	6.9
Total capital expenditure	5.4	8.6
% of revenue	3%	5%
Capital expenditure cash payments	7.6	7.7

Investment in property, plant and equipment and software totalled £2.7m (H1 2010: £3.4m)

Cost income ratio



New assistance income



Annual renewal rate



Live policies



Operating profit margin



Annual renewal rate

75.0%



- Decrease of 0.9% since 31st December 2010
- Lower renewal rates expected from recently launched countries, which form increasing portion of renewal base
- 75.4% renewal rate at constant mix to December 2010
- Strengthening renewal rates in Turkey
- Lower renewal rates in UK and Spain

Live policy base

10.9m

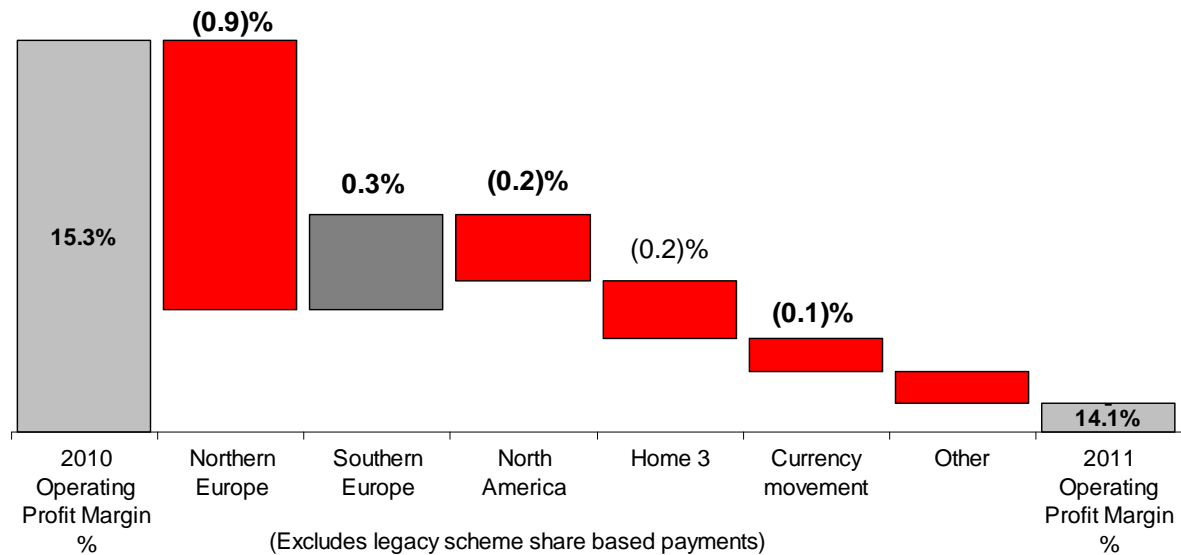


- 2% decrease from December 2010
- Lower retail acquisitions in UK, Spain and Italy
- Volume of Packaged Accounts unchanged but mix changes result in higher revenue per policy
 - UK Packaged Accounts revenues doubled

Operating profit margin

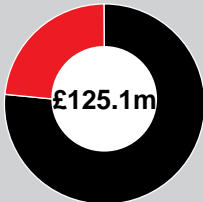
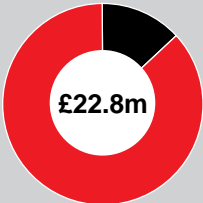
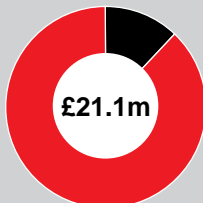
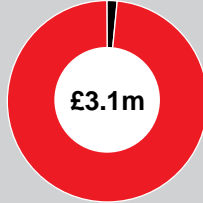
(1.2)%

- Operating margins impacted by lost UK revenues and costs resulting from the FSA investigation, customer acquisition costs in USA and investment in Home 3
- Southern Europe and Latin America have increased their margins despite difficult trading conditions



Regional Performance: Revenue

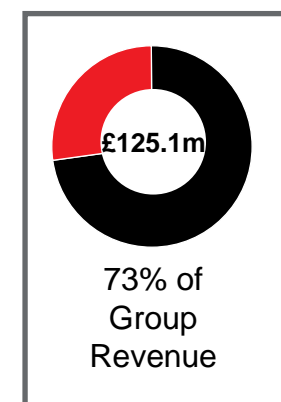


	Countries of operation	H1 2011 regional revenue	% revenue growth, constant currency
Northern Europe	United Kingdom Ireland Germany Turkey	 <p>£125.1m</p>	12%
Southern Europe and Latin America	Spain Portugal France Italy Mexico	 <p>£22.8m</p>	(8)%
North America	USA	 <p>£21.1m</p>	24%
Asia Pacific	Hong Kong Singapore Malaysia India China	 <p>£3.1m</p>	17%

	H1 2011 £m	H1 2010 £m	Growth %	% Organic Constant Currency
Revenue	125.1	111.6	12%	12%
UK Revenue Performance	116.9	105.5	11%	11%
Underlying operating profit	17.4	17.0	3%	3%
Regional Margin	13.9%	15.2%		

UK & Ireland

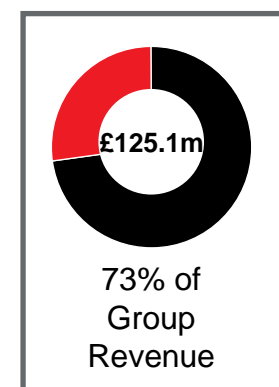
- Growth in UK Packaged Accounts revenues with Santander and RBS
- Mobile phone insurance sales remain strong
- Sales of Identity Protection negatively affected by decision to suspend sales in CPP voice channels and withdrawal of Barclaycard in our call to confirm channel
- FSA investigation continuing



	H1 2011 £m	H1 2010 £m	Growth %	% Organic Constant Currency
Revenue	125.1	111.6	12%	12%
Underlying operating profit	17.4	17.0	3%	3%
Regional Margin	13.9%	15.2%		

Turkey and Germany

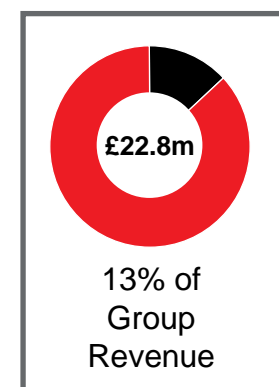
- Card Protection volumes continue to grow with existing and new business partners
- Live policy base and renewal rates are increasing in Turkey
- Non-renewal of contract with Akbank in Turkey – existing customers continue to renew with CPP
- Investigating the implementation of Identity Protection in Turkey
- In Germany we are working with partners to develop and scale card activation



	H1 2011 £m	H1 2010 £m	Growth %	% Organic Constant Currency
Revenue	22.8	24.3	(6)%	(8)%
Spain Revenue Performance	14.4	16.0	(10)%	(11)%
Underlying operating profit	5.9	5.9	(1)%	(3)%
Regional Margin	25.7%	24.3%		

Southern Europe

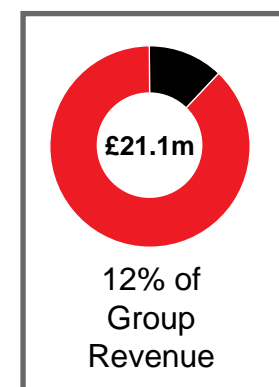
- Sales performance in Spain continues to be affected by economic conditions and loss of Cetelem in Spain, although operating profits increased
- France performing as expected, however our contract with Cetelem is scheduled to end in April 2012
- In Italy our focus has been on adapting to new regulations
- Good progress in Mexico two years after launch and now selling wholesale variant of Identity Protection
- Preparing for launch in Brazil – a significant growth opportunity



	H1 2011 £m	H1 2010 £m	Growth %	% Organic Constant Currency
Revenue	21.1	18.2	16%	24%
Underlying operating profit	2.9	2.8	3%	10%
Regional Margin	13.7%	15.4%		

USA

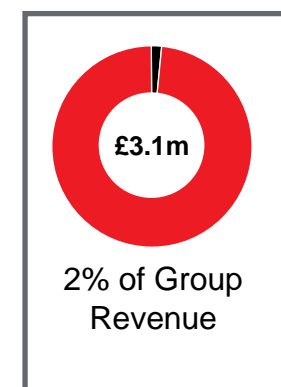
- Sales growth for Identity Protection in card activation campaigns with key partners, including Sovereign Bank
- New campaigns with Wells Fargo Wachovia
- Profit growth resulting from higher sales volumes and H2 2010 price increases
- Continued focus on service and retention campaigns



	H1 2011 £m	H1 2010 £m	Growth %	% Organic Constant Currency
Revenue	3.1	2.7	14%	17%
Underlying operating losses	(1.2)	(1.3)	5%	(2)%
Regional Margin	(38.6) %	(46.2) %		

Asia Pacific

- Retail campaigns launched in China with two partners
- Revenues continue to grow in India
- Renewal rates in India are in line with expectations plus new Card Protection variant at higher price point
- 2010 credit card tax in Malaysia still impacting card market
- Regulatory challenges continue to affect Hong Kong, although renewal rates remain stable
- Growth in Singapore from OCBC campaign





- Investment in new markets comprises start up losses, taken directly to the income statement
- Tenth Business Partner signed in India (2008)
- New Business Partners for Home 3 (2009)
- Second product in Mexico (2009)
- Two retail campaigns in China (2010)
- Plans well advanced for Brazil launch

Investment in new markets is in Hong Kong, Singapore, Home 3, India, Mexico, China and Brazil

- Revenue up 11%¹
- Underlying operating profit up 1%¹ to £24.3m
- Operating margins adversely impacted by UK issues and increased investment
- Annual renewal rate of 75.0% reflecting growth of newer markets and some reduction in the UK and Spain
- Group financial position strong with low net debt of £(7.2)m
- Dividend maintained at 2.42p per share

¹ Excluding foreign exchange

Strategy & Outlook

Eric Woolley, Group CEO

To become a leader in the Life Assistance market, offering customers a broad range of products, services, packages & promotions

To optimise relationships with existing Business Partners and customers.

To achieve growth through new products, channels, sectors and countries with new and existing Business Partner relationships.

1. Product & service development and innovation

Roll out new and existing products & services in current markets

2. Drive growth in existing channels and develop new sales channels

Develop partner relationships through existing & new channels and sectors

3. International expansion

Expand internationally in new developing market economies

4. Pursue selected acquisitions

Selective acquisitions to drive incremental growth

1. Product & service development and innovation

- Heritage of insurance backed retail products
- Migrating to assistance only retail products in many countries, driving higher usage and customer engagement
- Expanding Packaged Accounts and Wholesale portfolio
- Creating new products to meet emergent needs
 - M-secure
- Developing customised products to meet business partner needs

Product customisation



Themes	Components															
Fraud Detection & Prevention	Experian credit reports	Monitor data – unsecured online areas	Monitor data – illegal trading sites	Card monitor – high risk sites	Online transaction alerts – user confirm	Anti spyware and phishing software	Network threat alert	Valuable document registration	ID theft helpline	Risk assessment tools						
Fraud Resolution	CIFAS protective registration	Insurance – ID theft resolution costs*	Identity fraud caseworker	Identity fraud home caseworker	Insurance – card fraud*	Card issuer notification – card fraud										
Lost &/or Stolen	Card loss report and replacement	Emergency cash*	Replacement cash insurance*	Replacement travel tickets*	Gadget insurance*	Handbag and wallet insurance*	Lock and key replacement	Lock and key insurance*	Hotel bill payment	Replacement driving licence and passport cover*	Bag contents insurance*	Key retrieval service	Arrangement of alternative transport			
Travel	Single trip travel insurance*	Annual travel insurance*	Airport lounge access	Airport text alerts – inbound & homebound	24/7 translation services	Mobile phrasebook	Passport assistance	Airport parking discounts	Family safety bands	24/7 emergency helpline	Airport valet parking					
Mobile	Mobile phone insurance*	Mobile data storage, back up and restore	Emergency loan phone	Laptop insurance*	Remote lock and wipe	Mobile phone loss reporting	Message relay service	Airtime abuse insurance*	Gadget insurance*	Gadget helpline	PC helpline					
Home	Access to trades network	3-way claims handling	Insurance – emergency call out*	Insurance – parts & labour*	Lock and key replacement service	Change of address service	Home protect insurance*									
Financial Protection /Well being	Budget tools	Credit scores	Money advice caseworker	24/7 legal helpline	Legal library – ‘how to...’	Discounted legal services	Online legal document writing (e.g. wills)	Online self service – e.g. consumer letters	Family/legal health checks	Free initial consultation	Lifetime document storage	Retail discounts/ vouchers	Term life insurance*	Refund protector*	Purchase protection*	
Motor	Roadside assistance*	Car hire excess cover*	Annual MOT	Car wash	Car service support	Home valet	Gap insurance*	Gadget insurance* (motor)	Fuel card offers	Car key insurance*	Motor retail discounts					
Lifestyle discounts	Personal shopper	Colour consultation	Spa treatments	Design consultation	Hair/beauty offers	Money can't buy offers	Concierge service	Spring clean services	Garden clear up services	Event offers	Exclusive holiday offers	Days out offers	Leisure vouchers			

**2. Drive growth
in existing
channels and
develop new
sales channels**

- **Card activation and other campaigns continue to deliver strong performance in USA with Sovereign and Wells Fargo Wachovia**
- **Continued investment in e-commerce and mobile channels**
- **Enhancing digital sales and service capability to complement established telemarketing competence**
- **New ‘members areas’ launched, delivering choice for customers holding Packaged Accounts**

3. International expansion

- **Preparing for launch in Brazil**
 - Bankable population of 132.1m (UK 48.9m)
 - Banked population of 121.4m (UK 47.3m)
 - 55.5m (UK 27.4m) households
 - 264.4 (UK 83.9m) cards with debit function & 9.1% (UK 4.6%) 2005-10 CAGR %
 - 190.7m (UK 55.9m) cards with credit function & 15.5% (UK -4.4%) 2005-10 CAGR %
 - 183.9m (UK 83.9m) Mobile subscriptions
 - 22.8% (UK 3.0) – GDP* CAGR % 2005-10
- **Consolidated banking industry with large domestic banks and international banking groups, competing for growing customer base**
- **Potential for development of a multi-product market for CPP**

* £m - Current Prices - Year-on-Year Exchange Rates

New markets

- Investigating next potential markets for further international expansion beyond Brazil

Recently launched markets

- China establishing Card Protection and developing the partner base
- Mexico introducing an additional product and new business partners
- Turkey and India building scale and renewal book

Established markets

- UK and USA continuing to diversify products and income
- Spain and Italy facing challenging economic conditions

- **H1 2011 11% revenue growth for the Group, despite UK issues**
- **We continue to work with FSA investigation to seek a resolution**
- **Expect UK performance in H2 2011 to be positively impacted by continued growth of Packaged Accounts and Mobile**
- **Long term strategy and growth potential remains core focus**
- **Continue to develop international businesses**
- **Expect continued growth in USA**
- **Anticipate continued year-on-year revenue growth in H2 2011**

Revenue growth is stated on a constant currency basis

QUESTIONS