



POSSIBLE OFFER FOR DIRECT LINE INSURANCE GROUP PLC

Released 12:18:36 28 February 2024

RNS Number : 8153E
Ageas Insurance International NV
28 February 2024

PRESS RELEASE

Regulated information • Inside information • Brussels, 28 February 2024 - 13:00 (CET)

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THE CODE. THERE CAN BE NO CERTAINTY THAT ANY OFFER WILL BE MADE.

FOR IMMEDIATE RELEASE

Ageas SA/NV confirms possible offer for Direct Line Insurance Group Plc

Ageas SA/NV ("Ageas") notes the recent press speculation in relation to Direct Line Insurance Group Plc ("Direct Line") and confirms that it is in the preliminary stages of considering a possible offer ("**Possible Offer**") to acquire the entire issued and to be issued share capital of Direct Line (the "**Proposed Transaction**"). Ageas firmly believes that the combination of Ageas' and Direct Line's UK businesses will be beneficial for both Ageas and Direct Line shareholders, providing a meaningful opportunity to unlock shareholder value through the delivery of significant operational and capital synergies.

Terms of the Possible Offer

Ageas believes the Proposed Transaction represents compelling strategic and financial value for both Ageas and Direct Line shareholders.

Under the terms of Ageas' Possible Offer, Direct Line shareholders would receive:

- 100 pence in cash for each Direct Line share; and
- One newly issued Ageas share for every 25.24047 Direct Line shares.

Based on a Sterling to Euro exchange rate of 1.169 and the closing price of Ageas and Direct Line shares on 27 February 2024, being the last date prior to the date of this announcement, the Possible Offer has an implied value of 233 pence per Direct Line share, representing a premium of 42.8% to 163.35 pence, being the closing price per Direct Line share.

The Possible Offer values the entire issued and to be issued ordinary share capital of Direct Line at approximately £3,095 million. On the basis of Ageas' Possible Offer, Direct Line shareholders would, on completion of the Proposed Transaction, own approximately 22% of the enlarged Ageas Group's issued share capital.

It is currently envisaged that the cash component of the consideration and associated transaction costs will ultimately be financed through a mix of existing cash and newly issued debt instruments. The share consideration is intended to be satisfied via newly issued Ageas shares.

Ageas reserves the right to make an offer for Direct Line on less favourable terms than those set out in this announcement: (i) with the agreement or recommendation of the Direct Line Board; (ii) if a third party announces a possible offer or firm intention to make an offer for Direct Line which, at that date, is of a value less than the value implied by the Possible Offer; or (iii) if Direct Line announces a Rule 9 waiver pursuant to the Code or a reverse takeover. Ageas reserves the right to introduce other forms of consideration and/or vary the mix or form of consideration of any offer. Ageas reserves the right to reduce the offer consideration to take account of the value of any dividend or other distribution which is announced, declared, made or paid by Direct Line after the date of this announcement.

Strategic rationale

The Proposed Transaction is in line with Ageas' stated M&A criteria and Impact24 ambitions, as it would further strengthen Ageas' position in a European market where it already operates, whilst rebalancing Ageas' business profile towards controlled entities and Non-Life business.

Ageas is confident in the underlying attractiveness and future opportunities of the UK personal lines sector. Over the long-term, the UK personal lines sector has proven to be structurally profitable and, through its own UK operations, Ageas sees its strong potential. Over the last 12 months, many of the UK sector fundamentals have improved as claims patterns and frequency have stabilised, while an evolution towards a healthier and more predictable market is being observed thanks to developing regulatory clarity and pricing practice changes. The repricing implemented in the sector in response to elevated inflation levels further underpins its resilience. Ageas has made significant progress with the repositioning of its UK business, as communicated during its Investor Day in November 2023, and is confident that the UK will play an important role in Ageas' future growth ambitions by further strengthening one of Ageas' home markets.

Ageas believes that the combination of Ageas' and Direct Line's complementary UK businesses would lead to the creation of a strong personal lines franchise in the UK with key positions in Ageas' preferred business lines of Household and Motor. This combination would benefit from highly complementary distribution models founded on the combination of Ageas' strong relationships with intermediary distribution partners and Direct Line's strong brand recognition for direct and Price Comparison Websites distribution. Furthermore, Ageas remains confident in its capacity to pursue sustainable and profitable growth through this transaction, underpinned by the delivery of operational synergies, scaling up the knowledge in domains like product innovation capabilities, best-in-class customer service and the unique ability to leverage Data Analytics.

By enhancing Ageas' position in the UK market, the Proposed Transaction would create a significant engine for the Ageas Group to drive enhanced capital, earnings and cash generation, underpinning its progressive dividend ambitions.

Ageas strongly believes the Proposed Transaction would create additional value for all Ageas' stakeholders, whose interests have been carefully taken into account.

In the meantime, Ageas UK is operating business as usual, and continues to execute its focused and successful personal lines insurance strategy delivering on long term organic growth plans alongside its valued distribution partners.

Financial rationale

The Proposed Transaction offers a unique opportunity to unlock significant value and deliver accretion to Ageas' Operational Capital Generation through the delivery of substantial operational and capital synergies.

Based on Ageas' outside-in analysis undertaken to date, it sees potential to drive operational improvements and efficiencies through the sharing of best-practices and the removal of overlapping overhead costs after the integration of Ageas' and Direct Line's UK businesses.

In the medium term, the Proposed Transaction is expected to deliver a highly attractive return on the equity capital invested. The benefits from the Proposed Transaction are also expected to increase the enlarged Group's financial and strategic flexibility, underpinning its progressive dividend ambitions. The financing of the Proposed Transaction as currently envisaged will allow Ageas to maintain a robust Solvency II position above Ageas' risk appetite levels and sound leverage ratios. The adoption of a Group-wide Non-Life PIM (Partial Internal Model) is expected to generate enhanced capital efficiencies.

Ageas strongly believes that its proposal is in the interest of both Ageas' and Direct Line's shareholders and looks forward to further discussing this proposal with Direct Line's Board of Directors.

A further announcement will be made if and when appropriate.

Additional information

Ageas continues to carefully assess the Proposed Transaction with a disciplined focus on the strategic and financial rationale, and there can be no certainty that an offer will be made, even if the pre-conditions are satisfied or waived.

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.7 Code. The announcement of a firm intention to make an offer under Rule 2.7 of the Code remains subject to the satisfaction or waiver by Ageas of a number of pre-conditions, including, among others, completion of satisfactory due diligence by Ageas and reciprocal due diligence by Direct Line, receipt of irrevocable undertakings from each member of the Direct Line Board of Directors who holds Direct Line shares and Direct Line shareholders to vote in favour of the Possible Offer, agreement of the detailed terms of the Possible Offer and the unanimous and unqualified recommendation of the Board of Direct Line. Ageas reserves the right to waive in whole or in part any pre-conditions.

In accordance with Rule 2.6(a) of the Code, Ageas will be required, by not later than 5.00 pm (London time) on 27 March 2024, to either announce a firm intention to make an offer for Direct Line in accordance with Rule 2.7 of the Code or announce that Ageas does not intend to make an offer for Direct Line, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can only be extended with the consent of the UK Takeover Panel in accordance with Rule 2.6(c) of the Code.

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Linklaters LLP is acting as legal adviser to Ageas.

Merrill Lynch International ("BofA Merrill Lynch"), which is authorised by the UK Prudential Regulatory Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulatory Authority, is acting exclusively for Ageas and for no one else in connection with the possible offer for Direct Line and will not be responsible to anyone other than Ageas for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this announcement.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the

relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the UK Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 2.4 information

In accordance with Rule 2.4(c)(iii) of the Code, Ageas confirms that it is not aware of any dealings in Direct Line shares that would require it to offer a minimum level, or a particular form, of consideration under Rule 6 or Rule 11 of the Code. However, it has not been practicable for Ageas to make enquiries of all persons acting in concert with it prior to the date of this announcement in order to confirm whether any details are required to be disclosed under Rule 2.4(c)(iii) of the Code. To the extent that any such details are identified following such enquiries, Ageas shall make an announcement disclosing such details as soon as practicable, and in any event by no later than the time it is required to make its Opening Position Disclosure under Rule 8.1 of the Code.

Rule 2.9 requirement

In accordance with Rule 2.9 of the Code, Ageas confirms that as at the date of this announcement, it has an issued capital of EUR 1,502,364,272.60, represented by 187,971,187 shares. 4,300,402 shares are held in treasury. 1,219,048 of the shares held in treasury are pledged to cover the obligations towards the 1,536 outstanding floating rate equity-linked subordinated hybrid (FRESH) capital securities issued by a subsidiary of Ageas which, in certain circumstances and subject to certain conditions, can be exchanged by the holders into Ageas shares. The International Securities Identification Number (ISIN) of the ordinary shares is BE0974264930.

Ageas also has an ADR program for which JPMorgan Chase Bank, N.A. acts as depositary. Each Ageas ADR represents one ordinary share of Ageas. The Ageas ADRs trade on the Over The Counter market. The trading symbol for the Ageas ADRs is AGESY and the ISIN is US00844W2089.

Website publication

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available, subject to certain restrictions relating to persons resident in restricted jurisdictions, at www.ageas.com by no later than 12 noon (London time) on 29 February 2024. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

No profit forecasts or estimates

Except as otherwise set out herein, nothing in this announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Ageas or Direct Line, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Ageas or Direct Line, as appropriate.

Important information

This announcement and the information within it is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase or subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. In particular, this announcement is not an offer of securities for sale into the United States. No offer of securities shall be made in the United States absent registration under the Securities Act of 1933, as amended, or pursuant to an exemption from, or in a transaction not subject to, such registration requirements. No statement contained or referred to in this announcement is intended to be a profit forecast.

This announcement has been prepared in accordance with English law and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

Ageas is a listed international insurance Group with a heritage spanning almost 200 years. It offers Retail and Business customers Life and Non-Life insurance products designed to suit their specific needs, today and tomorrow, and is also engaged in reinsurance activities. As one of Europe's larger insurance companies, Ageas concentrates its activities in Europe and Asia, which together make up the major part of the global insurance market. It operates successful insurance businesses in Belgium, the UK, Portugal, Türkiye, China, Malaysia, India, Thailand, Vietnam, Laos, Cambodia, Singapore, and the Philippines through a combination of wholly owned subsidiaries and long term partnerships with strong financial institutions and key distributors. Ageas ranks among the market leaders in the countries in which it operates. It represents a staff force of about 44,000 people and reported annual inflows of more than EUR 17 billion in 2023.

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