

New investment in Saga plc

[KELSO GROUP HOLDINGS PLC](#)

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("Kelso" or the "Company")

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Kelso, the main market listed acquisition vehicle, today announces a new holding in Saga plc ("Saga") after completing the purchase of 400,000 shares at an average price of 386.5p in January 2026. Saga's market capitalisation was £551.5m as of close of business on 5 January 2026, having recently exceeded Saga's net debt for the first time in over 5 years.

Rationale for investment

Kelso provides its shareholders with the rationale and background behind this investment below:

- **Business evolution:** Founded in 1951 as a travel company, Saga evolved to being predominately an insurance business by the time of its IPO in 2014 when it was valued at £2.1bn. It has since returned to being predominantly a travel business, driven by its highly cash generative and asset backed ocean and river cruise divisions for the over 50s. Revenue in these divisions has increased more than fourfold since IPO with EBITDA in ocean and river cruising alone now approaching £100m.
- **Deleveraging:** Over the last 5 years, Saga's leverage ratio of net debt to EBITDA averaged 7.9x, peaking at 12.3x in July 2021, which limited its investment attractiveness for most UK blue-chip equity investors. Leverage has now reduced to 4.3x (as at 31 July 2025) and as it continues to fall, Kelso believes this will unlock the equity story. Formal company guidance forecasts leverage to fall to below 2.0x by January 2030, due to strong cash generation from underlying group pre-tax profits exceeding £100m. Kelso anticipates this debt milestone may be achieved ahead of guidance.
- **Undervalued:** Based on Kelso's internal analysis, Saga trades on an EV/EBITDA to January 2026 of c.7.5x using the last reported interim net debt level of £511m. Despite a strong share price in 2025, we believe there is significant upside from here when compared to peers. As the share price improves, we also note the potential for the company to return to the FTSE 250 in 2026 and the likely consequential buying demand from index funds.
- **Peer Group:** Kelso notes the success of Viking Holdings Inc ("Viking") (market cap of c.\$32bn), the only other travel company in ocean and river cruises that uniquely serves the over 55s market, which has nearly tripled in value since its US listing in April 2024. Viking now trades on a trailing twelve month EV/EBITDA of over 20.0x. Kelso also observes the share price performance of listed peers in the cruise sector, notably Royal Caribbean whose share price has risen c.8x from its low in 2022 and Carnival whose shares have risen c.4x in the same period, all of which trade on significant premiums to Saga, driven by upgraded guidance during 2025 illustrating the strength of the cruise market.
- **Simplification:** The disposal of Saga's capital-intensive underwriting operation in 2025 further strengthens its financial position and simplifies its business model. Under the terms of the deal with Ageas, Saga retains ownership of the customer relationship and as such will benefit from ongoing high-quality commission-based earnings over the next 20 years.
- **Attractive market focus with asset-backing:** Saga is a proven and trusted brand selling into the UK over-50s demographic which Kelso believes is a highly attractive segment. Furthermore, Saga is asset-backed,

primarily by its ocean cruise ships launched in 2019/20, which as at January 2025 had a combined cost of £662.7m, currently held at a book value of £570.6m, higher than Saga's current market capitalisation.

- **Management:** Kelso believes that Saga's significant achievements over the last 5 years have been down to its management team. As problems from Covid arose, Sir Roger De Haan stepped back into Saga as Chairman in 2020 and underwrote the majority of the £150.3m fundraise in the same year. Sir Roger ran Saga for 20 years before selling it to private equity in 2004. After some recent buying, Sir Roger now owns 27.5% of the business. Supported by Mike Hazell and Mark Watkins as CEO and CFO, Saga appears to be in very solid hands.
- **Engagement:** Kelso has written to the board of directors of Saga with constructive proposals to support value creation, including greater targeting of US investors, particularly given the main three comparable companies will be listed solely in the US soon, alongside some thoughts around accelerating the deleveraging strategy.
- **Investment decision:** With the clear strategic focus, debt falling and profits rising, Kelso believes that now is the right time to invest in Saga.

Sir Nigel Knowles, Chairman, Kelso said:

'We believe Saga's management have done an excellent job turning Saga around in the last 5 years and materially reducing the debt while growing pre-tax profit. The importance of Sir Roger De Haan's personal backing through significant equity and loan commitments during those hard times should not be forgotten acknowledging that the loans have now been repaid. We believe Saga has the ability, with its focus on travel with ancillary financial services, to return to being a multibillion pound company.'

Note to Editors

Kelso Group Holdings Plc 'Kelso' is a listed investment vehicle founded in November 2022 which is backed now by over 65 individuals known to the Board and more recently a small number of institutions. The Board own close to 20% of Kelso and between them have approaching 150 years of experience in UK listed companies through a mixture of fund management, corporate broking, M&A, private equity and law. Kelso's aim, which is unique, is to capitalise on an undervalued UK small and mid-cap stock market by investing in a small number of stocks being less than ten core investments. Kelso's aim is to actively help its investee companies by offering constructive advice, support and ideas predominantly around investor relations and strategy in order to unlock trapped value. Kelso's current principal holdings are Saga plc, NCC Group plc, THG plc, Angling Direct plc, The Works.co.uk Plc and Selkirk plc. Kelso expects to announce other new investments during 2026.

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