



## Phoenix Group delivers strong full year financial performance

Phoenix Group, the UK's largest specialist closed life fund consolidator, today announces a strong set of results for the year ended 31 December 2015, with cash generation in line with the target range and £205 million of incremental embedded value achieved.

### Financial Highlights

- Operating companies' cash generation of £225 million (2014: £567 million), meeting the £200 – 250 million target range
- Delivered MCEV enhancing management actions of £205 million in 2015 and achieved the £400 million target between 2014 – 2016 a year ahead of schedule
- Market Consistent Embedded Value ('MCEV') of £2.5 billion as at 31 December 2015 (2014: £2.6 billion)
- Group IFRS operating profit of £324 million (2014: £483 million)
- Financial Leverage of 37.8% as at 31 December 2015 (2014: 39.3%), reflecting bank debt repayments of £190 million in 2015
- 2015 final dividend of 26.7p per share, in line with 2014 final dividend

### Solvency II

- Received PRA approval for use of Full Internal Model for Solvency II
- Solvency II surplus over Solvency Capital Requirements ("SCR") of £1.3 billion as at 31 December 2015; compared with a PLHL ICA surplus of £0.6 billion as at 31 December 2015
- Shareholder Capital coverage ratio of 154% as at 31 December 2015
- Solvency II surplus is resilient to market movements

### Operational Highlights

- Achieved Investment Grade credit rating from Fitch Ratings, reducing cost of debt
- Revised bank facility of £650 million, with reduced interest margin and extended maturity
- Managed introduction of new pension freedoms from April, providing wider range of options for customers
- Completed funds merger of National Provident Life Limited into Phoenix Life Assurance Limited

### Financial Targets

- 2016 cash generation target of £350 million – £450 million
- New long-term cash generation target for 2016 – 2020 of £2.0 billion, in line with the maturity of the revised bank facility

### Commenting on the results, Group CEO, Clive Bannister said:

"2015 has been a year of significant milestones for Phoenix. Despite regulatory upheaval in the shape of Pension Freedoms and Solvency II, we have once again met or exceeded all of our financial targets and achieved an investment grade rating.

Phoenix has come a long way in recent years and is now a simpler and more focused business. I believe the impact of regulatory developments will change the landscape of the UK life insurance industry, providing Phoenix with a number of opportunities to grow our business."



# PHOENIX GROUP

Phoenix Group Holdings: 2015 Full Year Results

23 March 2016

## Presentation

There will be a presentation for analysts and investors today at 9.30am (GMT) at:

J.P.Morgan, John Carpenter Street, London, EC4Y 0JP

A link to a live webcast of the presentation, with the facility to raise questions, and a copy of the presentation will be available at [www.thephoenixgroup.com](http://www.thephoenixgroup.com)

A replay of the presentation will also be available through the website.

Participants may also dial in as follows:

UK	020 3059 8125
International	+44 20 3059 8125
Participant password: 'Phoenix'	

## Dividend

The recommended final dividend of 26.7p per share is expected to be paid on 13 May 2016, subject to shareholder approval at Phoenix Group Holdings' AGM.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 7 April 2016. The record date for eligibility for payment will be 8 April 2016.

## Enquiries

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## Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with approximately 4.5 million customers and £47 billion of life company assets.
2. Operating companies' cash generation is a measure of cash and cash equivalents, remitted by the Group's operating subsidiaries to the holding companies and is available to cover dividends, bank interest and repayments and other items.
3. Any references to IGD Group, IGD sensitivities, IGD, PLHL ICA or Solvency II relate to the relevant calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking.
4. The Shareholder Capital coverage ratio of 154% excludes Solvency II own funds and SCR of unsupported with-profit funds and Group pension schemes. Including the own funds and SCR of unsupported with-profit funds and Group pension schemes items results in a coverage ratio of 130%.
5. Solvency II interest rate sensitivities assume recalculation of transitionals (subject to PRA approval).
6. Financial Leverage calculated as gross shareholder debt as a percentage of Gross MCEV.
7. The financial information set out in this announcement has been extracted without material adjustment from the Annual Report and Accounts of Phoenix Group Holdings for the year ended 31 December 2014.



The Ernst & Young Accountants LLP audit opinion on the Phoenix Group Holdings consolidated IFRS financial statements is unqualified.

8. This announcement in relation to Phoenix Group Holdings and its subsidiaries (the 'Group') contains, and we may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals and expectations relating to future financial conditions, performance, results, strategy and/or objectives.
9. Statements containing the words: 'believes', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward-looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated.
10. Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include but are not limited to: domestic and global economic and business conditions; asset prices; market related risks such as fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, new government initiatives related to the financial crisis and the effect of the European Union's "Solvency II" requirements on the Group's capital maintenance requirements; the impact of inflation and deflation; market development and government actions regarding the referendum on UK membership of the European Union; market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; risks associated with arrangements with third parties; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate.
11. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements and other financial and/or statistical data within this announcement. The Group undertakes no obligation to update any of the forward-looking statements or data contained within this announcement or any other forward-looking statements or data it may make or publish. Nothing in this announcement should be construed as a profit forecast or estimate.