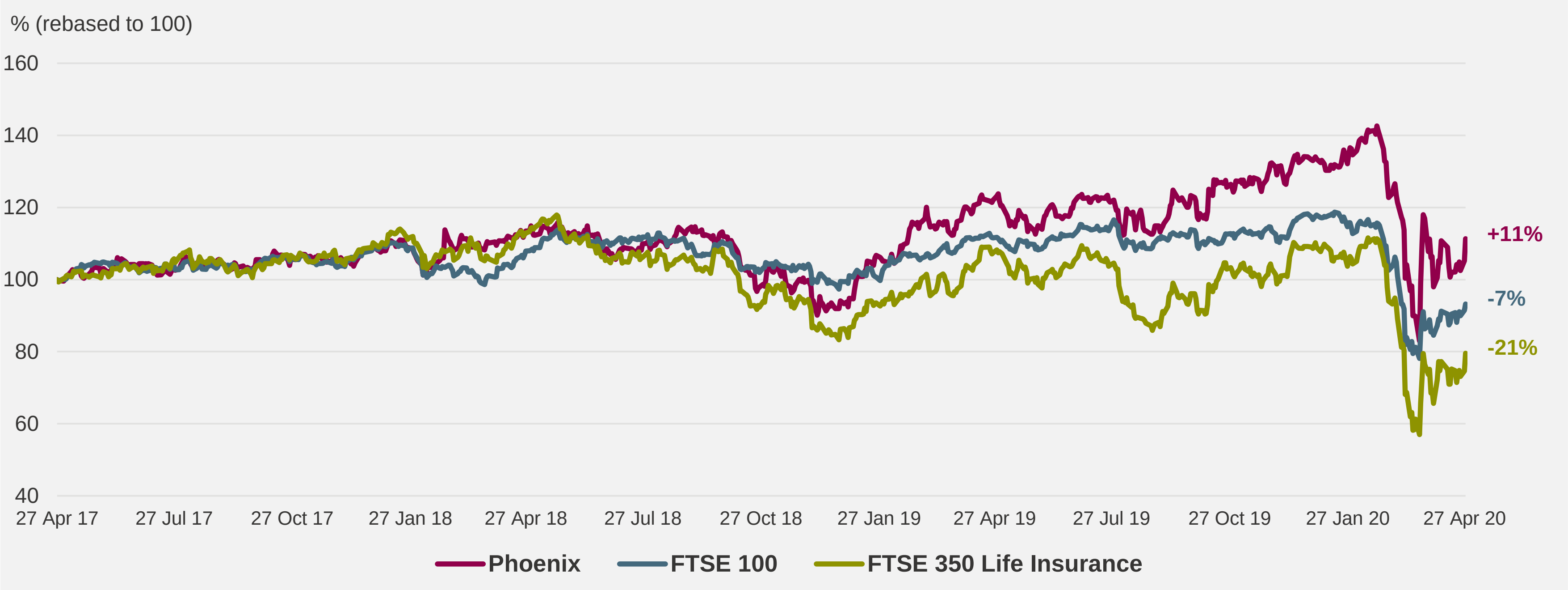
CASH
RESILIENCE
GROWTH

KBW Conference

13 May 2020

Driving consistent outperformance through time

Total shareholder return over the last 3 years



Source: Bloomberg, 28 April 2020

Phoenix's business model is resilient to COVID-19

A CLEAR STRATEGY	
Heritage	Manage in-force business for cash and resilience and deliver customer outcomes
M&A and integration	Complete value accretive M&A, accessing synergies through integration
Open	Grow through new business in Open and BPA

A SIMPLE FRAMEWORK	
✓	"Cash is King" and the sustainability of the dividend is paramount
✓	Underpinned by a strong, diversified, resilient balance sheet
✓	Long term cash progression giving confidence for the future

STABLE AND SUSTAINABLE DIVIDEND POLICY

Protecting customers, colleagues and our communities

Prioritising customers, colleagues and our communities during the pandemic

Customers

- Customer satisfaction remains above 90%
- Initiatives to promote digital access resulted in 70% more log-ins in March
- Priority contact service established for NHS workers

Colleagues

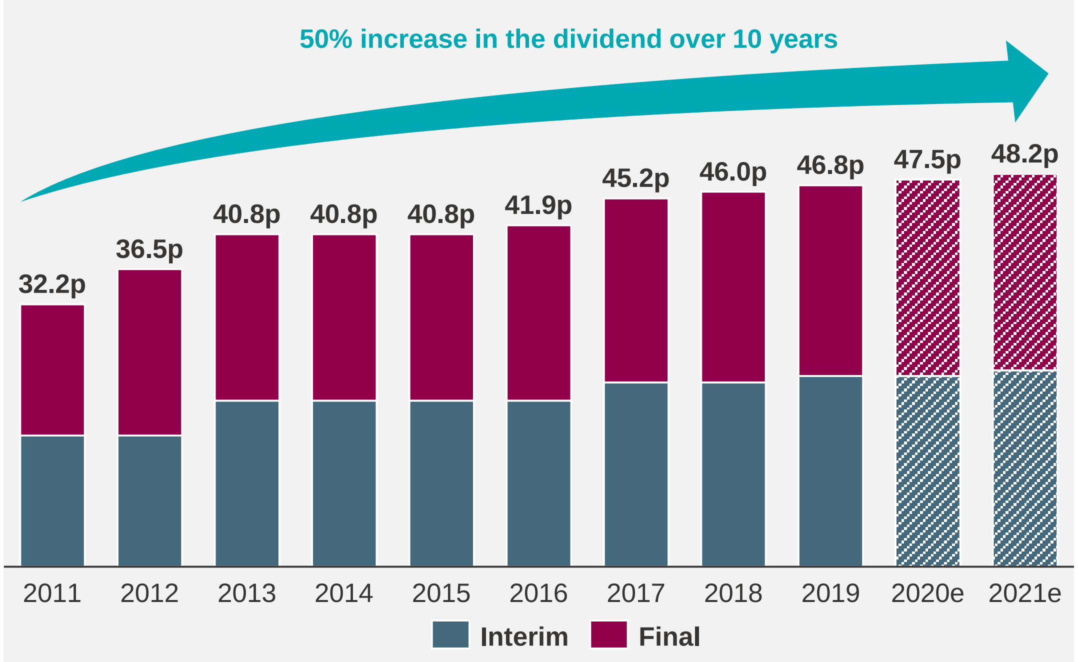
- No state aid taken and employees are receiving full pay with none furloughed
- Enabled 99% of employees to work from home within 10 days of lockdown announcement
- Paid emergency leave provided to colleagues with caring responsibilities.

Our communities

- £1 million donation split between Age UK and local charities
- A further £1 million to be donated via employee matched funding
- Ongoing investment in socially responsible community assets to support the real economy

Phoenix's resilience supports payment of the 2019 final dividend

Dividend per share[1]



- The protection of policyholders remains our priority
- Despite the prevailing market volatility, the Group's solvency position remains robust and well above its target level and regulatory thresholds
- The Group's Solvency II surplus of £4.0 billion[2] is in addition to £5.5 billion of risk shareholder capital held for a 1 in 200 year stress event and a best estimate assessment of policyholder liabilities
- After careful consideration and taking into account regulatory guidance, the Board concluded that the distribution of the proposed 2019 final dividend per share of 23.4p is consistent with the Group's risk appetite

See slide 24 for footnotes

On track to complete acquisition of ReAssure Group plc in July 2020

ReAssure acquisition is strategically compelling

- Upon completion of the acquisition, Phoenix will be the UK's largest life and pensions provider with over 14 million customers and circa £330 billion of assets under administration
- Incremental cash generation supports dividend increase, enhances dividend sustainability and funds future growth
- £800 million of cost and capital synergies anticipated

Cash generation[3]	AUA[4]	Policies[5]
£7 billion	**£84 billion**	**4.1 million**

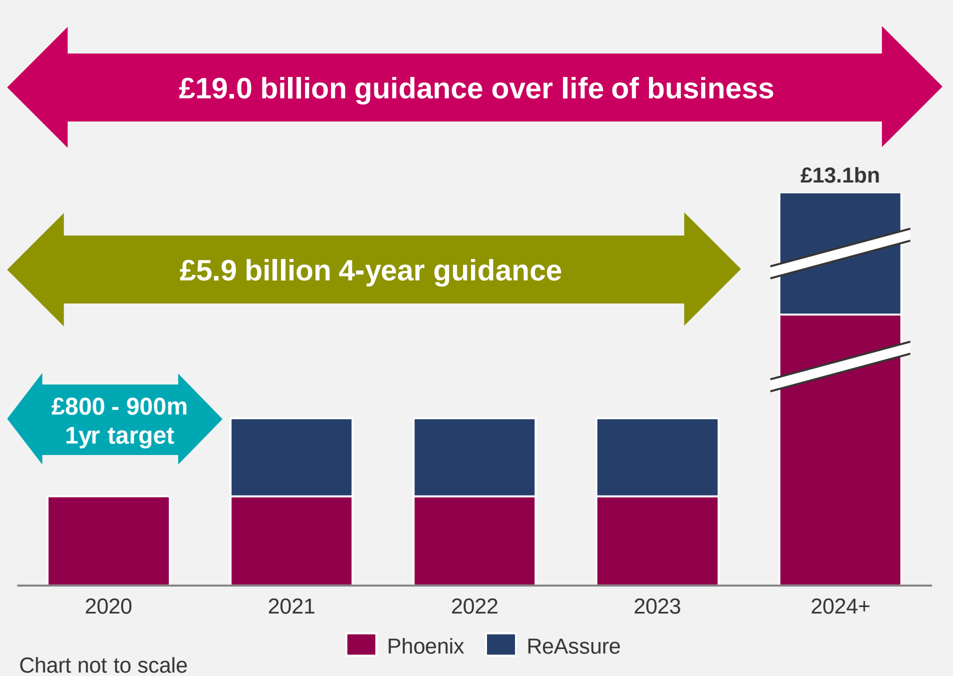
Date	Event
6 Dec 2019	Transaction announced
31 Dec 2019	ReAssure completes OMW acquisition
22 Jan 2020	$750 million RT1 bond issued
13 Feb 2020	Shareholder approval
23 Apr 2020	£500 million Tier 2 bond issued
30 Apr 2020	Change in control application
Jul 2020	Target completion date

See slide 24 for footnotes

CASH

£19 billion of predictable long-term cash generation from Combined Group

Illustrative future cash generation from Combined Group in-force business



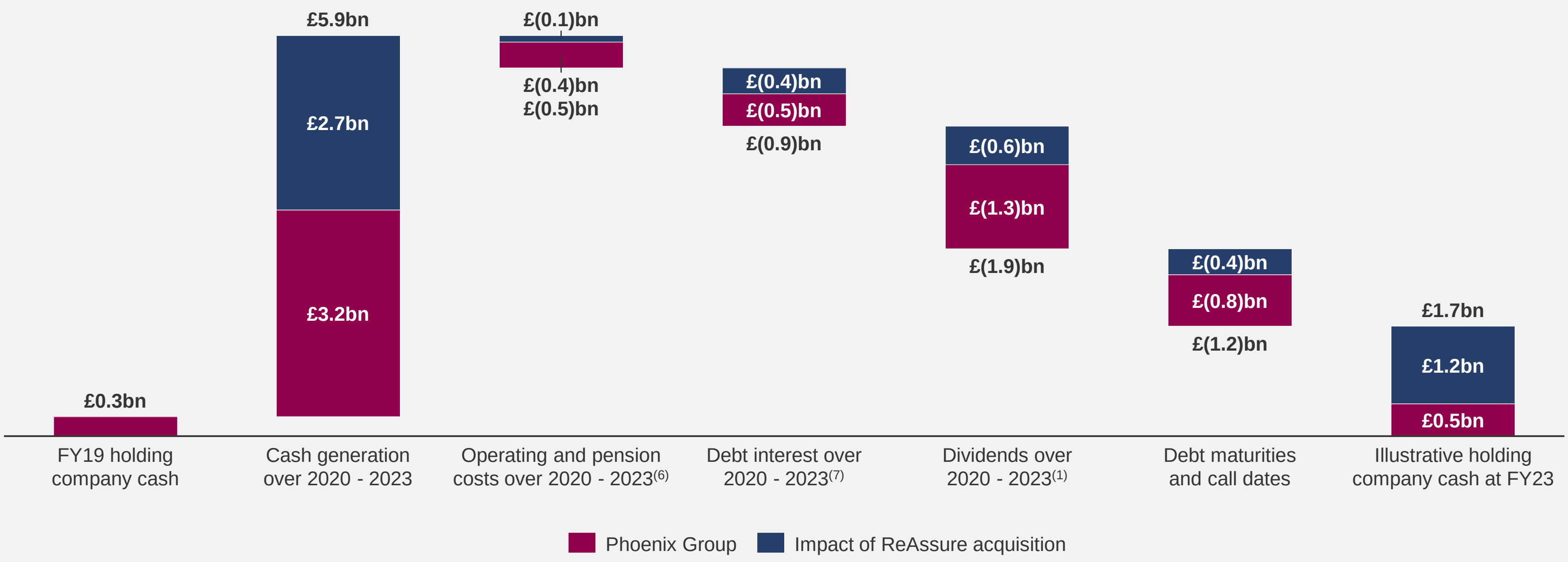
Cash generation guidance	Phoenix	ReAssure(3)	Combined Group
Cash generation *(2020 – 2023)*	£3.2bn	+£2.7bn	**£5.9bn**
Cash generation *(2024+)*	£8.8bn	+£4.3bn	**£13.1bn**
Total cash generation	£12.0bn	+£7.0bn	**£19.0bn**

Cash generation excludes new Open business, BPA, further M&A and management actions after 2023

See slide 24 for footnotes

Additional cash generation from ReAssure acquisition supports growth options

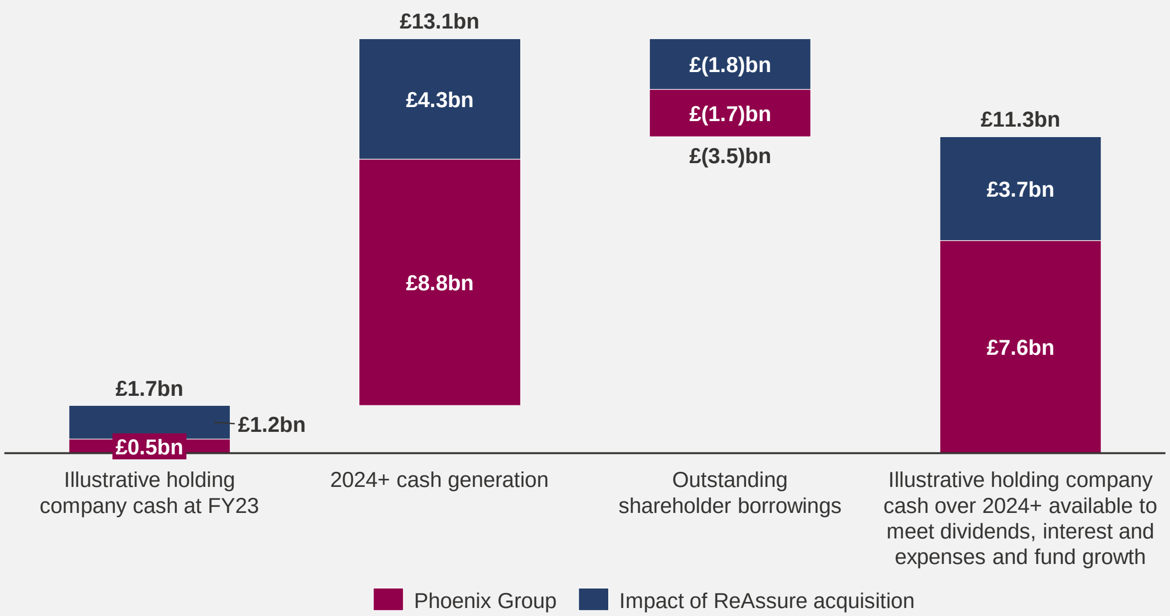
Combined Group: Illustrative uses of cash from 2020 - 2023



See slide 24 for footnotes

Phoenix's dividend sustainability is enhanced by the ReAssure acquisition

Combined Group: Illustrative uses of cash from 2024 onward



Key messages

£3.7 billion of additional holding company cash enhances dividend sustainability

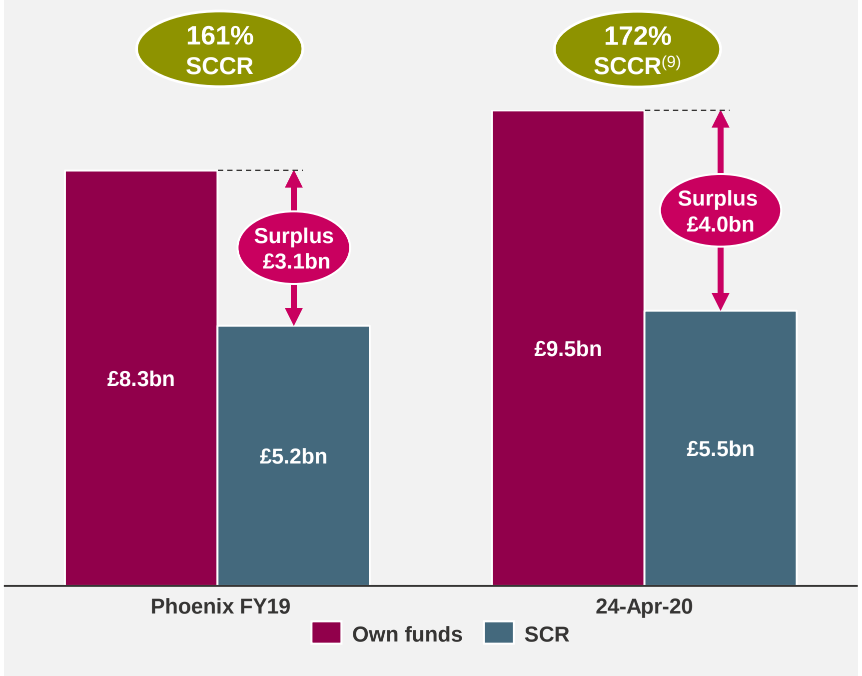
Excludes cash generation from new business written 2020+

Excludes management actions from 2024+

RESILIENCE

Phoenix maintains a strong capital position with a £4.0 billion Solvency II surplus

Estimated PGH Shareholder capital position



Analysis of change

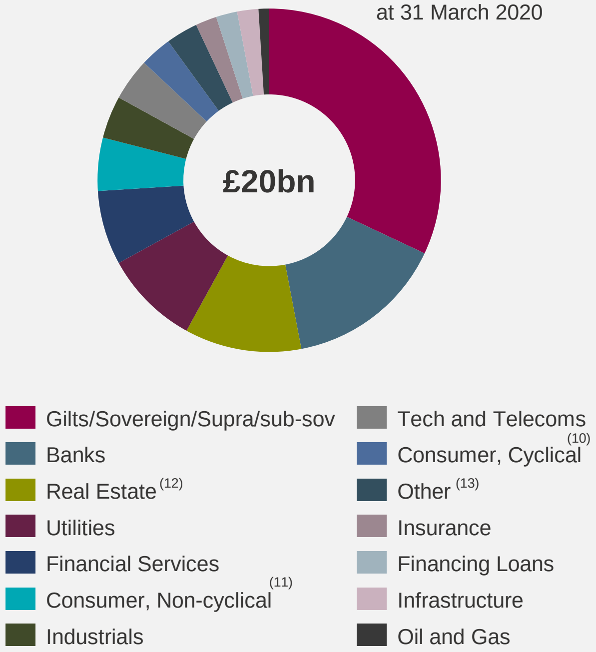
	£bn	SCCR
PGH Solvency II surplus as at 31 Dec 19[(8)]	**3.1**	**161%**
Surplus emerging and release of capital requirements	0.1	2%
Debt raise	1.1	19%
Financing and corporate costs	(0.1)	(3)%
Economic variances and other	(0.2)	(7)%
PGH Solvency II surplus as at 24 Apr 20[(2)]	**4.0**	**172%**

- Economic variances comprised primarily of strains from falls in interest rates and widening of credit spreads, partially offset by gains from falls in equities
- The Solvency II surplus moved broadly in line with published sensitivities, with the ratio well within the target range of 140-180%
- Estimated life company free surplus of £1.0 billion as at 31 March 2020 (£1.2 billion as at 31 December 2019).

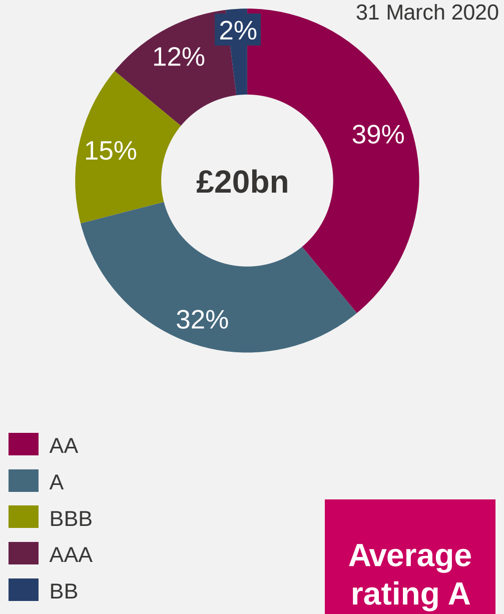
See slide 24 for footnotes

Phoenix has a high quality credit portfolio

Sector analysis



Credit analysis



Average rating A

Downgrade experience

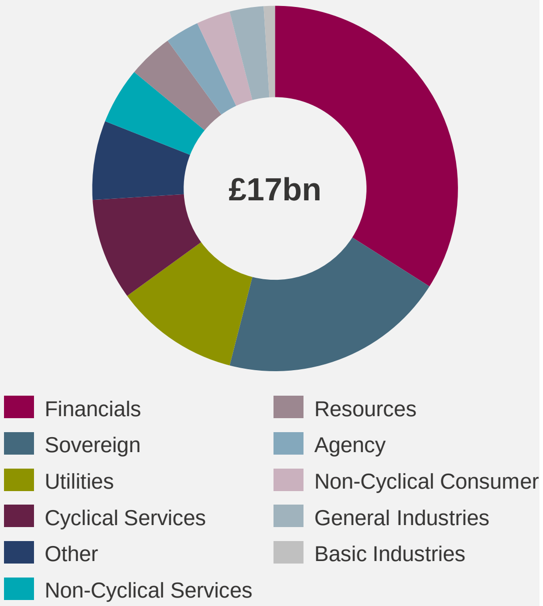
- 98% of £20 billion shareholder debt portfolio is investment grade and only 15% is BBB
- Limited exposure to sectors most at risk from COVID-19, with only 2% of bond portfolio in airlines, hotel, leisure and traditional retail
- Limited downgrade experience to date with only £0.4 billion (3%) of bonds in the Matching Adjustment portfolios subject to a letter rating downgrade and £10 million of bonds (0.1%) being downgraded to sub-investment grade
- There have been no defaults

See slide 24 for footnotes

ReAssure's portfolio is well diversified across sector and geography

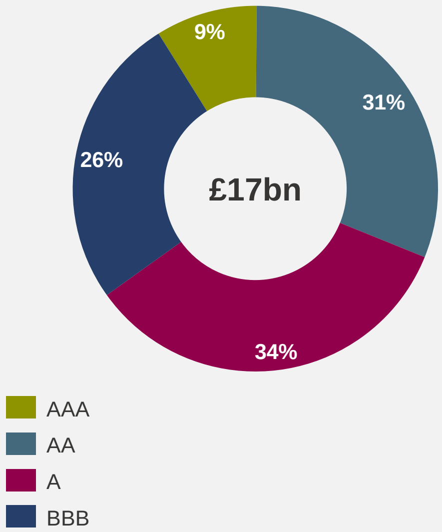
Sector analysis

at 31 December 2019



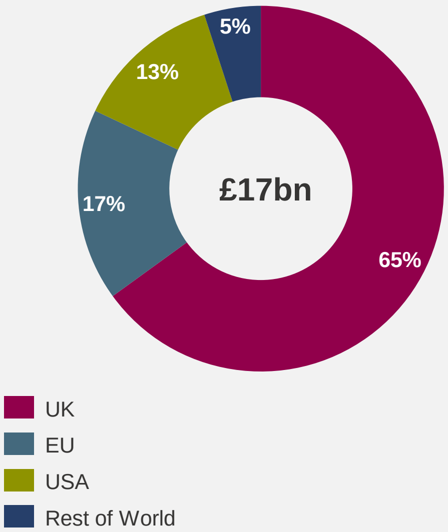
Credit analysis

at 31 December 2019



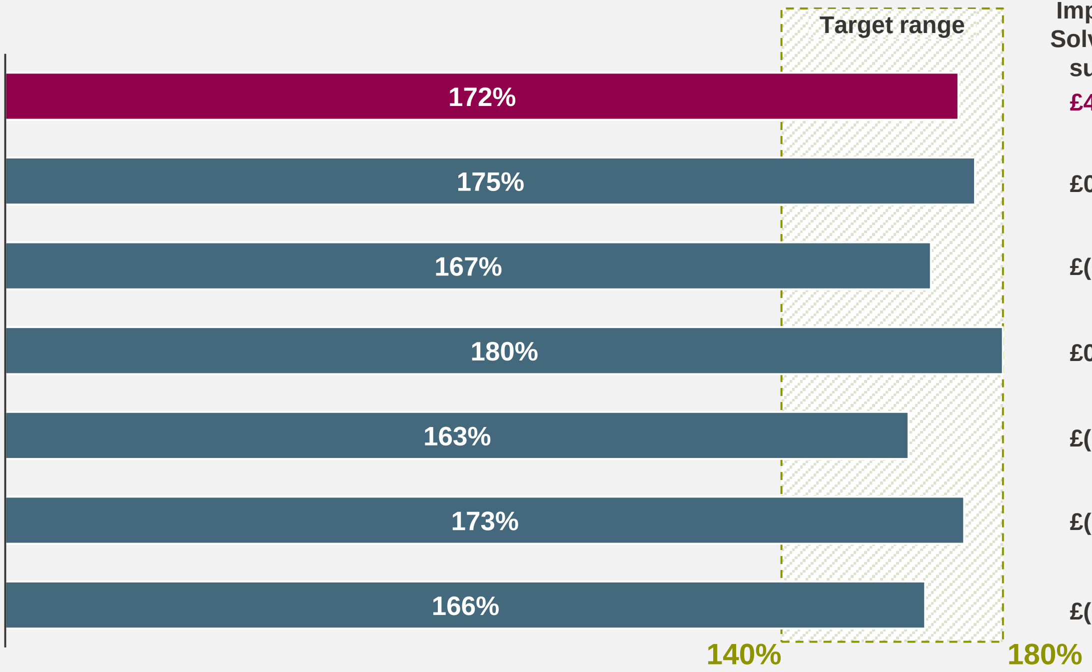
Geographic analysis

at 31 December 2019



Phoenix’s capital position illustrates resilience to risk events

PGH Solvency II Shareholder Capital Coverage Ratio sensitivities[14]

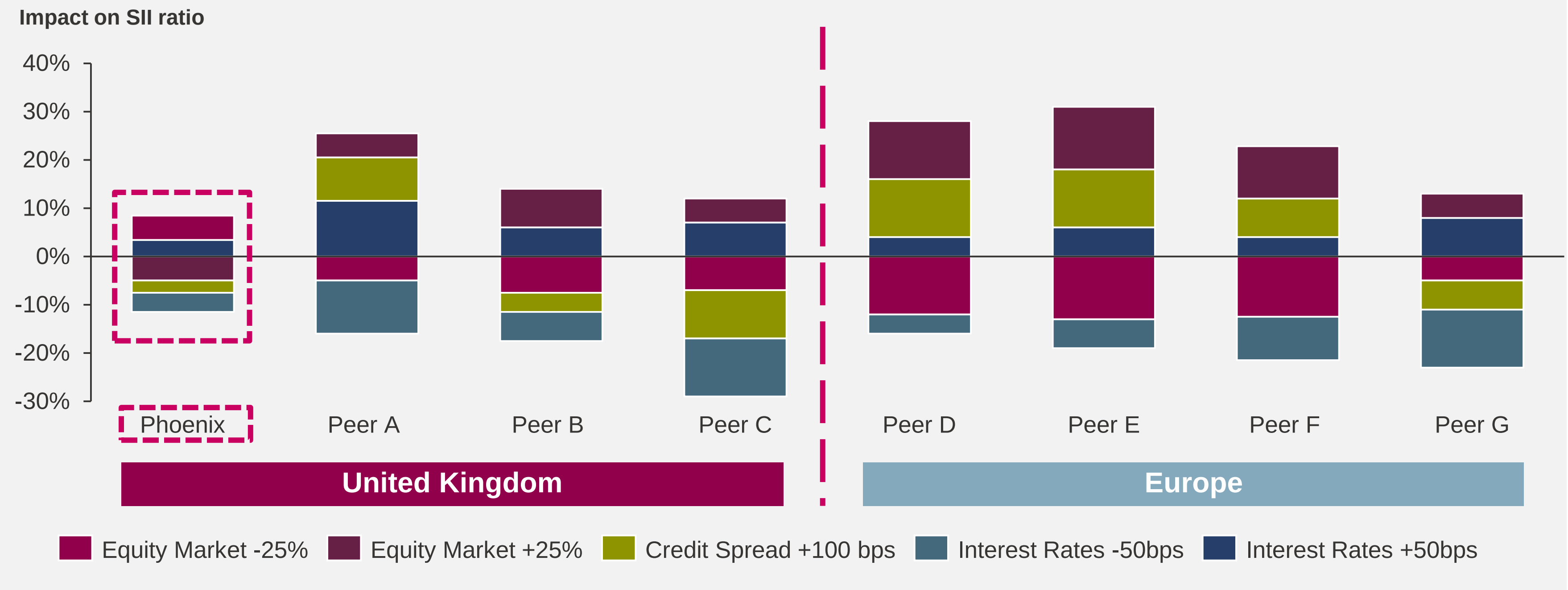


	Impact on Solvency II surplus
Solvency II SCCR as at 24-Apr-20	£4.0bn
Equities: 20% fall in markets	£0.1bn
Property: 12% fall in values[15]	£(0.2)bn
Rates: 73bps rise in interest rates[16]	£0.1bn
Rates: 88bps fall in interest rates[16]	£(0.2)bn
Credit spreads: 120bps widening[17]	£(0.2)bn
Credit downgrade: Immediate full letter downgrade on 20% of portfolio[18]	£(0.2)bn

See slide 24 for footnotes

Phoenix's resilience to market risks is strong relative to peers

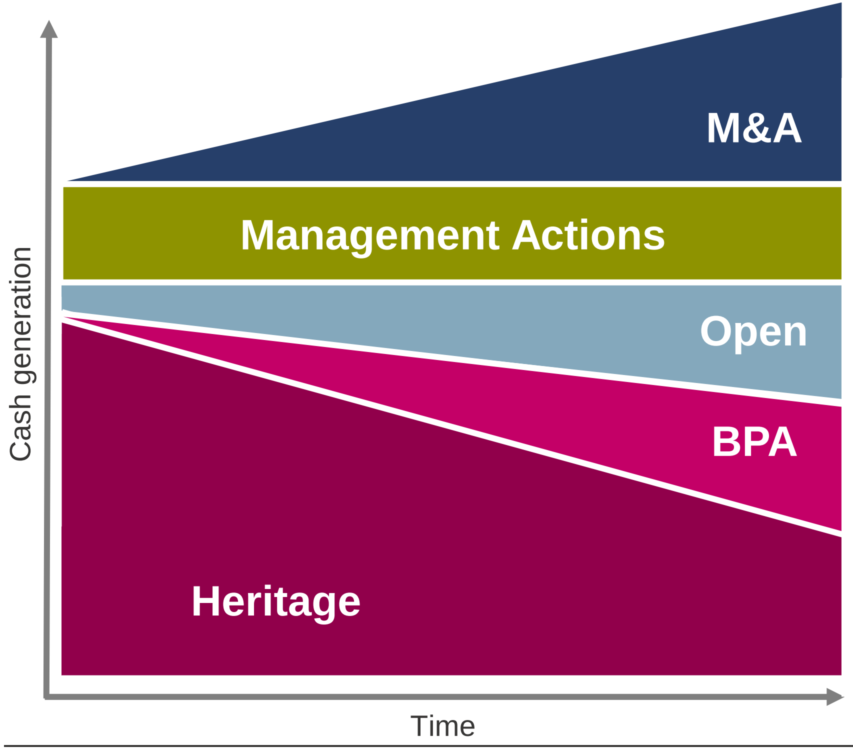
FY19 Phoenix Shareholder Capital Coverage Ratio (SCCR) sensitivities relative to Life peers(19)



See slide 24 for footnotes

GROWTH

The “Wedge” illustrates the range of growth opportunities available to bring sustainability to cash generation

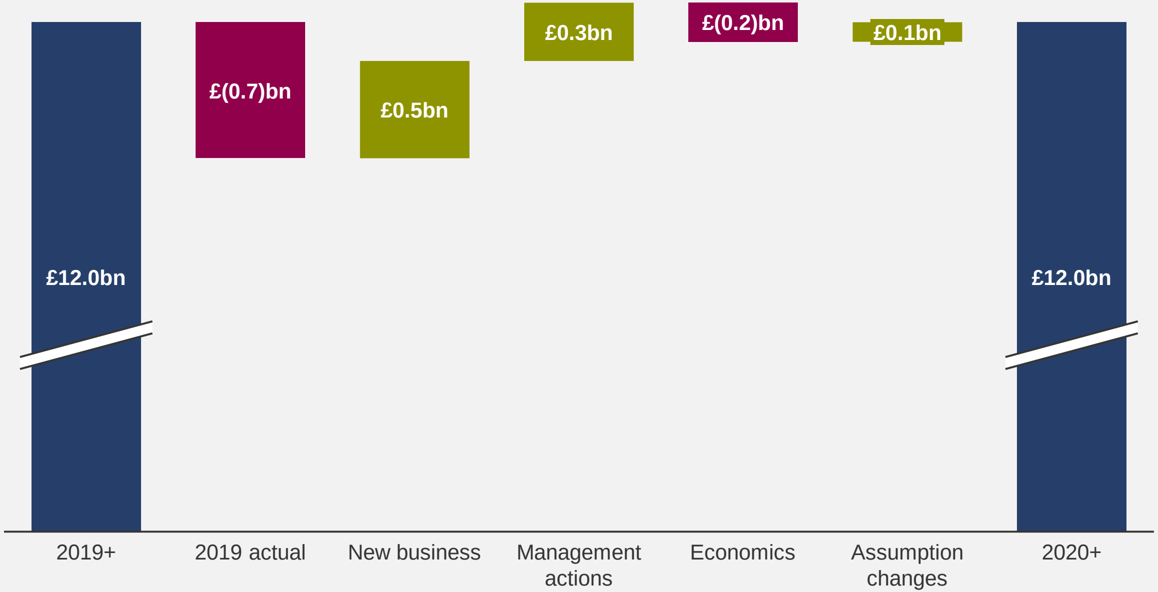


Key messages

- Heritage business generates predictable long-term cash generation to pay dividends and fund growth
- BPA delivers dependable growth
- Growth of Open business in UK and Europe brings sustainability to cash generation
- Sustainable cash generation brings confidence to the dividend in the long-term without further M&A

In 2019 we "refilled the well" of cash generation

Future cash generation from in-force business



Key messages

- Cash generation of £0.7 billion in 2019
- "Well" of long-term cash generation therefore expected to be £11.3 billion
- Refilled the "well" with £0.8 billion of cash from new business and over delivery of management actions
- £0.1 billion cash generation from new business in Q1 2020

Phoenix is well placed to take advantage of the industry drivers of change

	Insurers are consolidating	Corporates are de-risking	Strong DC pension growth
Drivers of change	• Trapped capital • Cost inefficiencies • Legacy systems • Regulatory change	• De-risking strategies well advanced • Buy ins and buy outs increasingly affordable	• Auto-enrolment • Shift from DB • Ageing population • Pension freedoms
Market opportunities	**>£600 billion opportunity**	**£40 billion per annum opportunity, and growing**	**£24 billion DC contributions per annum, tripled from 2012**
Phoenix's advantages	✓ Differentiated capability in Heritage management ✓ Differentiated capability in M&A and integration delivery	✓ Annuities only c. 10% of UK balance sheet ✓ Better diversification as a result	✓ Largest UK life and pensions provider ✓ Top 3 Workplace pension provider ✓ Market leading TCS partnership

OUTLOOK

Phoenix has a clear set of strategic priorities for 2020

Financial targets	Deliver the 2020 cash generation target of £800-£900 million, underpinned by a strong solvency position and investment grade rating
Transition Standard Life Assurance	Complete Phase 2 and progress Phase 3 of the transition programme to deliver £1.2 billion cost and capital synergy target
Complete and integrate ReAssure	Complete acquisition and start delivery of £0.8 billion cost and capital synergy target
New business	Profitably grow the Open business and continue to selectively participate in BPA
Investing in people	Continue to build on our strong team, with market leading capabilities

Footnotes

Footnotes

(1) Dividends rebased to take into account the bonus element of rights issues. 2020e and 2021e reflect expected dividend based on application of proposed 3% increase announced for ReAssure transaction.
(2) The Solvency II capital position as at 24 April 2020 has been based on the estimated 31 March 2020 quarterly results that include the impact of a dynamic recalculation of transitionals for all UK life companies, adjusted to reflect the anticipated impact of market movements and known management actions in the period to 24 April 2020. It also includes the proceeds of the Tier 2 bond issued on 23 April 2020 and settled on 28 April 2020 and is stated after recognition of the £169 million 2019 final dividend.
(3) Incremental cash generation arising from the acquisition of ReAssure is calculated using Phoenix's assumptions and reporting bases.
(4) Based on ReAssure's assets under administration as at 30 September 2019 assume completion of the Part VII transfer of the mature savings business of the L&G Group and completion of the acquisition of Old Mutual Wealth Life Assurance Limited from Quilter plc which completed on 31 December 2019.
(5) ReAssure's number of policies as at 1 November 2019 assume completion of the Part VII transfer of the mature savings business of the L&G Group and completion of the acquisition of Old Mutual Wealth Life Assurance Limited from Quilter plc which completed on 31 December 2019.
(6) Illustrative combined group operating expenses of £45 million p.a. over 2020 to 2023. Phoenix pension scheme contributions estimated in line with current funding agreements, comprising £70 million in respect of the Pearl Scheme and £39 million in respect of the Abbey Life Scheme. Assumes integration costs of c. £200 million net of tax, split c. £150 million on Standard Life integration and c. £50 million on Reassure integration.
(7) Includes interest on the combined Group's listed debt and senior debt, but excludes interest on the PLL Tier 2 bond which is incurred directly by Phoenix Life Limited.
(8) The 31 December 2019 Solvency II capital position reflects a regulator approved recalculation of transitionals as at this balance sheet date and is stated after recognition of the £169 million 2019 final dividend.
(9) The Shareholder Capital Coverage Ratio ("SCCR") excludes Solvency II own funds and Solvency Capital Requirements of unsupported with-profit funds and the PGL and Pearl Pension Schemes.
(10) Includes £331 million exposure to airports and £47 million to leisure.
(11) Includes £237 million exposure to traditional retail, £30 million to airlines, £17 million to leisure and £214 million to automobiles.
(12) Includes £22 million exposure to shopping malls, £57 million to shopping centres and £21 million to leisure.
(13) Includes Basic Materials, Structure Finance, Diversified, Investment Companies and CDOs.
(14) Sensitivity assumes stress occurs on Day 1 and that there is no market recovery.
(15) Property stress represents an overall average fall in property values of 12%.
(16) Assumes the impact of a dynamic recalculation of transitionals and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interaction of rates with other correlated risks including longevity.
(17) Credit stress varies by rating and term and is equivalent to an average 120bps spread widening (full range of spread widening is 49bps to 204bps). It assumes the impact of a dynamic recalculation of transitionals and makes no allowance for the cost of defaults/downgrades.
(18) Impact of an immediate full letter downgrade across 20% of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.
(19) All sensitivities as of 31 December 2019. Source: Company disclosure.

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- References to Solvency II relate to the relevant calculation for Phoenix Group Holdings plc