



Phoenix Group delivers a strong set of full year results having substantially completed its integration activity

Phoenix Group, the UK's largest specialist closed life fund consolidator¹, today announces a strong set of results for the year ended 31 December 2017.

2017 Highlights

- £653 million of cash generation² (2016: £486 million). The Group now expects to achieve the top end of the £1.0 – 1.2 billion cash generation target range for the two year period between 2017 – 2018.
- Solvency II surplus of £1.8 billion³ as at 31 December 2017 (£1.1 billion as at 31 December 2016).
- Shareholder Capital Coverage Ratio of 164% as at 31 December 2017⁴ (139% as at 31 December 2016).
- Group operating profit of £368 million (2016: £351 million).
- Proposed final dividend of 25.1p per share, a 5% increase on the 2016 final dividend.
- Credit rating upgrade from Fitch Ratings achieved in July 2017, with the rating reaffirmed following the announcement of the proposed Standard Life Assurance acquisition.
- Strong 92% customer satisfaction score.

Integration of acquisitions substantially complete

- Integration of the AXA Wealth and Abbey Life businesses is substantially complete, ahead of plan.
- 2017 cash generation of £165 million from the AXA Wealth business (£282 million of cash generation to date since completion of the AXA Wealth acquisition) and £236 million from Abbey Life.
- Combined cost savings of £27 million per annum delivered against a target of £17 million per annum.

2018 Outlook

- New long-term cash generation target for 2018 – 2022 of £2.5 billion.
- Proposed acquisition of Standard Life Assurance and Strategic Partnership with Standard Life Aberdeen plc due for completion in Q3 2018, subject to regulatory approval.
- In exclusive talks on first Bulk Purchase Annuity transaction.
- Final stage of onshoring project to complete as soon as practicable after Standard Life Assurance transaction.

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

“Phoenix has enjoyed a highly successful year. The Group continues to deliver strong cash generation and remains on track to achieve its targets, supported by capital and cost synergies from the integration of the AXA and Abbey Life acquisitions which are now substantially complete. Our success with integrating both acquisitions demonstrates our ability to deliver benefits for both investors and policyholders alike.

Our proposed acquisition of Standard Life Assurance and the Strategic Partnership with Standard Life Aberdeen plc announced last month is consistent with our strategy and value accretive. We look forward to welcoming Standard Life Aberdeen as a 19.99% shareholder in the enlarged Group. It will make Phoenix the pre-eminent closed fund consolidator in Europe and deliver increased size in an industry that rewards scale. We remain committed to maintaining a high level of customer service throughout this acquisition and transition process.”



Presentation

There will be a presentation for analysts and investors today at 11.30am (GMT) at:

J.P. Morgan, 1 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

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

Participants may also dial in as follows:

UK	020 3936 2999
International	+44 20 3936 2999
Participant access code:	997244

Dividend

The recommended final dividend of 25.1p per share is expected to be paid on 4 May 2018, subject to shareholder approval at Phoenix Group Holdings' AGM on 2 May 2018.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 22 March 2018. The record date for eligibility for payment will be 23 March 2018.

Enquiries

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Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with 5.6 million policyholders and £74 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. Estimated position as at 31 December 2017 which anticipates the final 2017 dividend of £99 million. Any references to Solvency II relate to the relevant calculation for Phoenix Group Holdings.
4. Estimated position as at 31 December 2017. The Shareholder Capital Coverage Ratio of 164% excludes Solvency II Own Funds and Solvency Capital Requirements ("SCR") of unsupported with-profit funds and the PGL Pension Scheme.
5. 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 2017.
6. 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.

7. 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.
8. 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; the political, legal and economic effects of the UK's vote to leave 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.
9. 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.