



## **Phoenix Group delivers strong results and will exceed upper end of two year cash generation target. Completion of Standard Life Assurance acquisition anticipated on 31 August 2018.**

Phoenix Group, the UK's largest specialist closed life fund consolidator<sup>1</sup>, announces strong results for the six months ended 30 June 2018.

### **Financial and Group Highlights**

- £349 million of cash generation<sup>2</sup> in H1 2018 (H1 2017: £360 million). The Group expects to exceed the upper end of its cash generation target of £1.0 billion - £1.2 billion between 2017 and 2018.
- Solvency II surplus of £2.3 billion<sup>3</sup> as at 30 June 2018 (£1.8 billion as at 31 December 2017). Shareholder Capital Coverage Ratio of 180% as at 30 June 2018<sup>4</sup> (164% as at 31 December 2017).
- Group operating profit of £216 million in H1 2018 (H1 2017: £215 million).
- Interim dividend of 22.6p per share, consistent with Final 2017 dividend rebased for July rights issue.
- Fitch Ratings affirmed the Group's ratings in July at A+<sup>5</sup>; "stable" outlook.
- Phoenix to introduce fee caps on unitised non-workplace pensions for a one off expected cost of £68 million.
- Chairman and Non-Executive Director appointments announced (subject to regulatory approval) and Group Executive Committee strengthened.

### **Acquisition of Standard Life Assurance**

- We anticipate completion of the acquisition on 31 August 2018 subject to obtaining regulatory approval from the CBI by 30 August. Previously announced synergy and cash generation targets unchanged.
- Acquisition funding in place following the £500 million Restricted Tier 1 bond issuance in April and the £950 million rights issue completed in July with 96.25% uptake.
- Strong shareholder support with 99.98% of shareholders voting in favour of the acquisition.

### **Delivering on strategic priorities**

- AXA and Abbey Life integrations completed ahead of plan and targets, delivering cost synergy benefits of £27 million per annum and cumulative cash generation of £768 million.
- Completed first bulk purchase annuity - a £470 million transaction with the Trustee of the Marks and Spencer Pension Scheme.

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

"The Group has delivered strong cash generation; and expects to exceed its 2017-2018 target having completed the integrations of the AXA and Abbey Life acquisitions. Our commitment to improving customer outcomes is evidenced by the introduction of fee caps on unitised non-workplace pensions following a similar move with workplace schemes in 2017.

Having received enormous support from our investors I am delighted to announce that we anticipate completion of the acquisition of Standard Life Assurance on 31 August 2018. This acquisition and the ongoing Strategic Partnership with Standard Life Aberdeen plc represents a pivotal moment in the Group's history bringing growth opportunities from new business across both Heritage and Open books.



The transaction is evidence of the industry's bifurcation, splitting into "capital heavy" insurance specialists and "capital light" firms. Phoenix's vision is to be Europe's Leading Life Consolidator. The Standard Life Assurance acquisition is a stepping stone on our consolidation journey, but it isn't the final destination and we remain focused on doing more transactions.

I would like to take this opportunity on behalf of the Board to thank Henry for his leadership and guidance during his highly successful period as Chairman of the Group and to welcome Nicholas Lyons who, subject to regulatory approval, will replace Henry on 1 September 2018."

## Presentation

There will be a presentation for analysts and investors today at 9.30am (BST) 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](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 5868
International	+44 20 3059 5868
Title of call:	'2018 Half Year Results'

## Dividend

The interim dividend of 22.6p per share is expected to be paid on 1 October 2018.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 6 September 2018. The record date for eligibility for payment will be 7 September 2018.

## Warrants outstanding

Further to Phoenix Group Holding's (PGH's) announcement on 23 July 2018 with respect to the 5 million warrants over PGH's shares which were issued to certain of the Group's lenders on 2 September 2009, PGH has today redeemed and cancelled all 5 million of those outstanding warrants. Therefore none of those warrants remain in issue.

## Enquiries

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## Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with 5.4 million customers and £72 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, debt interest, debt repayments and other items.
3. Estimated HY18 Solvency II capital position assumes dynamic recalculation of transitionals as at 30 June 2018. Any references to Solvency II relate to the relevant calculation for Phoenix Group Holdings.
4. The Shareholder Capital Coverage Ratio of 180% excludes Solvency II Own Funds and Solvency Capital Requirements ("SCR") of unsupported with-profit funds and the PGL Pension Scheme.
5. Insurer Financial Strength rating of Phoenix Life Limited and Phoenix Life Assurance Limited.
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.