



## Phoenix Group delivers strong full year financial performance

Phoenix Group, the UK's largest specialist closed life fund consolidator<sup>1</sup>, today announces a strong set of results for the year ended 31 December 2016.

### 2016 Financial Highlights

- £486 million of cash generation<sup>2</sup> (2015: £225 million), meeting the Group's 2016 cash generation target
- Solvency II surplus of £1.9 billion<sup>3</sup> as at 31 December 2016, compared to £1.3 billion as at 31 December 2015
- Shareholder Capital Coverage Ratio of 170% as at 31 December 2016<sup>4</sup> (154% as at 31 December 2015)
- Group operating profit of £351 million (2015: £324 million)
- Proposed final dividend of 23.9p per share, an equivalent 5% increase on the 2015 final dividend<sup>5</sup>

### Integration of AXA Wealth ahead of expectations

- Acquisition of AXA Wealth's pensions and protection businesses for £373 million in cash completed on 1 November, adding over 910,000 policies and £12 billion of assets
- Acquisition has generated a total of £282 million of cash to date, of which £117 million was generated in 2016, exceeding the target of £250 million of cash generation within 6 months of completion
- Cost synergies now expected to be between £13 million to £15 million per annum, increased from original expectations of £10 million of cost savings per annum

### Integration of Abbey Life progressing well

- Acquisition of Abbey Life for £933 million in cash completed on 30 December, adding 735,000 policies and £10 billion of assets
- Customer governance model in place to provide oversight of Abbey Life business
- £250 million short-term acquisition facility refinanced into enlarged £900 million Revolving Credit Facility, of which £50 million was repaid in December 2016
- Supports an expected further 5% increase in the 2017 interim dividend to 25.1p per share, equivalent to 50.2p per share on an annualised basis

### Financial Targets

- Updated long-term cash generation target for 2016 – 2020 of £2.8 billion, up from £2.0 billion, incorporating the impact of the acquisitions completed in 2016
- Of the long-term target, between £1.0 – 1.2 billion of cash generation expected in the two year period between 2017 - 2018

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

"Phoenix has had a highly successful year in completing two acquisitions, allowing us to increase our dividend per share. The Group has safely incorporated our new customers from the AXA Wealth and Abbey Life businesses and is focused on delivering the planned cost and capital synergies.

We are grateful for the support of our investors during 2016 and we believe there will be further consolidation in the UK life industry. We continue to explore opportunities as they arise. The Group's recent Tier 3 bond issue and the achievement of £282 million of cash generation from the AXA business provides Phoenix with greater flexibility in financing future acquisitions."



# PHOENIX GROUP

Phoenix Group Holdings: 2016 Full Year Results

20 March 2017

## Presentation

There will be a presentation for analysts and investors today at 9.30am (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](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 23.9p per share is expected to be paid on 15 May 2017, subject to shareholder approval at Phoenix Group Holdings' AGM on 11 May 2017.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 30 March 2017. The record date for eligibility for payment will be 31 March 2017.

## Enquiries

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## Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with approximately 6.1 million customers and £76 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 assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix Internal Model. Any references to Solvency II relate to the relevant calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking.
4. Estimated position assuming recalculation of transitionals as at 31 December 2016 and pro forma for Tier 3 bond issuance in January 2017 and impact of moving AXA businesses onto Phoenix Internal Model. The Shareholder Capital Coverage Ratio of 170% excludes Solvency II Own Funds and Solvency Capital Requirements ("SCR") of unsupported with-profit funds and the PGL Group pension scheme.
5. Equivalent 5% increase in dividend per share takes into account the bonus element of the rights issue completed in November 2016.



6. 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 2016.
7. 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.
8. 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.
9. 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.
10. 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.