



Phoenix Group delivers strong cash generation and is ahead of plan on realising acquisition benefits

Phoenix Group, the UK's largest specialist closed life fund consolidator¹, today announces its results for the six months ended 30 June 2017.

Financial Highlights

- £360 million of cash generation² in H1 2017 (H1 2016: £147 million)
- Total holding company cash of £691 million² as at 30 June 2017 (£570 million as at 31 December 2016)
- The Group remains on track to achieve its cash generation target of £1.0 billion - £1.2 billion between 2017 and 2018 and its longer term cash generation target of £2.8 billion between 2016 – 2020²
- Solvency II surplus as calculated at Phoenix Group Holdings of £1.7 billion³ as at 30 June 2017 (£1.1 billion as at 31 December 2016)
- Shareholder Capital Coverage Ratio as calculated at Phoenix Group Holdings of 166% as at 30 June 2017⁴ (139% as at 31 December 2016)
- Group operating profit of £215 million in H1 2017 (H1 2016: £107 million)
- Interim dividend of 25.1p per share, a 5% increase on the 2016 final dividend

Integration of acquisitions ahead of expectations

- AXA acquisition has generated a total of £282 million of cash to date, of which £165 million was generated in 2017, exceeding the target of £250 million of cash generation within 6 months of completion
- AXA 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
- Customer governance model in place to provide oversight of Abbey Life business
- On track to achieve cost synergies of £7 million from Abbey Life acquisition

Onshoring process supported by recent subordinated debt issuance

- Issuance of US\$500 million of Tier 2 subordinated debt and £450 million of Tier 3 subordinated debt in 2017, used to refinance the Group's senior debt
- Credit rating upgrade from Fitch Ratings achieved in July 2017
- Progress towards putting in place a new UK-registered holding company for the Group in mid 2018

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

"The Group continues to deliver strong cash generation and remains on track to achieve its targets, supported by capital and cost synergies from the AXA and Abbey Life acquisitions.

The plans to bring Phoenix onshore are progressing well and have been supported by the issuance of over £800 million of subordinated debt during 2017. Our strengthened capital position and the recent upgrade from Fitch Ratings gives us the financial flexibility to execute additional acquisitions in future."



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

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 interim dividend of 25.1p per share is expected to be paid on 2 October 2017.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 7 September 2017. The record date for eligibility for payment will be 8 September 2017.

Enquiries

Investors/analysts:

Sam Perowne, Head of Investor Relations, Phoenix Group
+44 (0)20 3735 0021

Media:

Neil Bennett, Sundeep Tucker, Tom Eckersley, Maitland
+44 (0)20 7379 5151

Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with 6.1 million customers and £75 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 HY17 Solvency II capital position pro forma for Tier 2 bond issue in July 2017 and assumes dynamic recalculation of transitionals as at 30 June 2017. Any references to Solvency II relate to the relevant calculation for Phoenix Group Holdings.
4. The Shareholder Capital Coverage Ratio of 166% excludes Solvency II Own Funds and Solvency Capital Requirements ("SCR") of unsupported with-profit funds and the PGL Pension Scheme.
5. 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.
6. 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.

7. 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.
8. 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.