



2019 FINANCIAL RESULTS

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17 March 2020

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FORWARD LOOKING STATEMENT

This document should be read in conjunction with Royal London's 2019 Financial Results Press Release, which can be found at:






<https://www.royallondon.com/media/press-releases/>

This document may contain forward-looking statements with respect to certain Royal London's plans, its current goals and expectations relating to its future financial position. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Royal London's control. These include, among others, UK economic and business conditions, market-related risks such as fluctuations in interest rates, the policies and actions of governmental and regulatory authorities, the impact of competition, the timing, impact and other uncertainties of future mergers or combinations within relevant industries.

As a result, Royal London's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Royal London's forward-looking statements. Royal London undertakes no obligation to update the forward-looking statements.

2019 FINANCIAL RESULTS

FINANCIAL HIGHLIGHTS

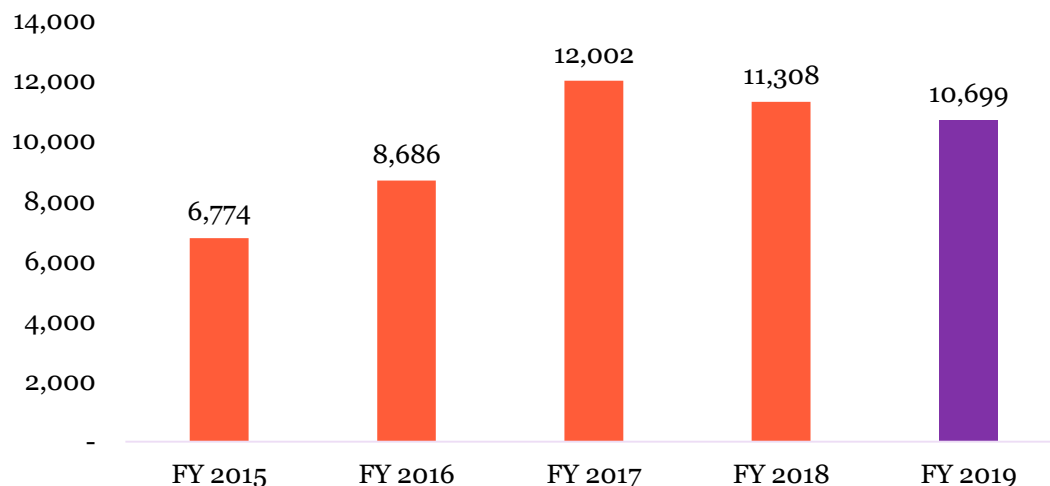
| | | 2019 | 2018 | Change ¹ |
|---|---|-----------------|-----------|---------------------|
| EEV  | Life and pensions sales <i>PVNB²</i> | £10,699m | £11,308m | (£609m) |
| | EEV operating profit <i>before tax</i> | £416m | £396m | £20m |
| IFRS  | IFRS profit / (loss) before tax | £436m | (£111m) | £547m |
| | IFRS post tax transfer to eligible policyholders | £185m | £5m | £180m |
| | | 31 Dec 19 | 31 Dec 18 | Change ¹ |
| FLows  | Gross inflows ³ | £25,131m | £21,196m | £3,935m |
| | Net flows ³ | £9,892m | £7,652m | £2,240m |
| FUNDS  | Assets under management ⁴ | £139bn | £114bn | £25bn |
| | | 31 Dec 19 | 1 Jan 19 | Change ¹ |
| CAPITAL  | Group Solvency Surplus (Regulatory View) ⁵ | £2.6bn | £2.1bn | £0.5bn |
| | Group Capital cover ratio (Regulatory View) ⁵ | 159% | 154% | 5% |
| | Group Solvency Surplus (Investor View) ⁵ | £5.8bn | £4.9bn | £0.9bn |
| | Group Capital cover ratio (Investor View) ⁵ | 231% | 228% | 3% |



2019 FINANCIAL RESULTS

STRONG NEW BUSINESS SALES AND IMPROVED PROTECTION AND CONSUMER MARGINS

Life and Pensions PVNBP (£'m)



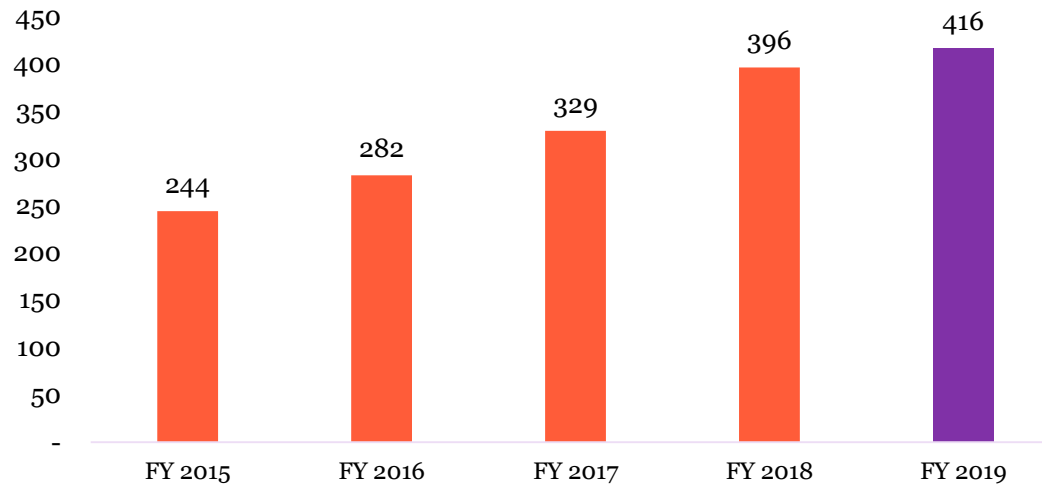
| | PVNBP | New business margin |
|------------------------------------|--|----------------------------------|
| Intermediary Pensions | £9,461m (FY 2018: £10,042m) | 2.2% (FY 2018: 2.4%) |
| Protection (UK and Ireland) | £815m (FY 2018: £847m) | 7.0% (FY 2018: 5.3%) |
| Consumer | £423m (FY 2018: £419m) | 1.4% (FY 2018: (0.8%)) |
| Life and Pension business | £10,699m (FY 2018: £11,308m) | 2.5% (FY 2018: 2.5%) |



2019 FINANCIAL RESULTS

EEV OPERATING PROFIT INCREASED IN 2019

Group EEV operating profit before tax (£'m)



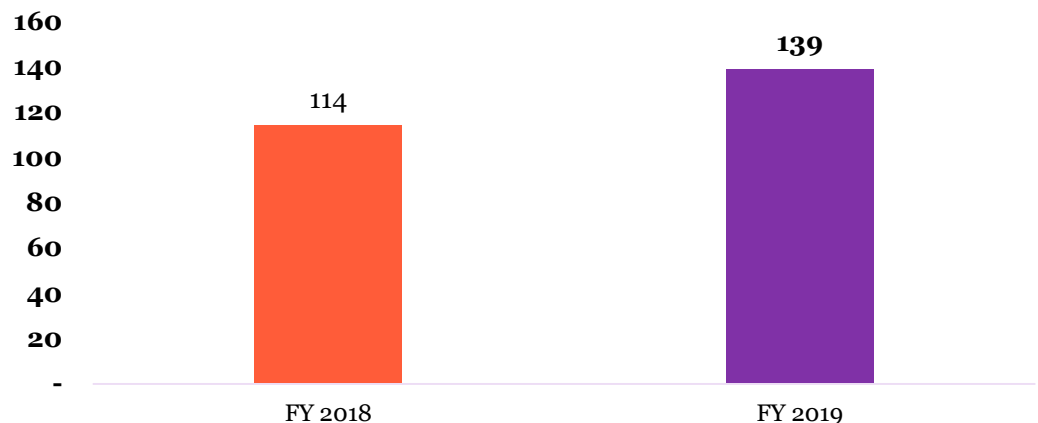
| | FY 2019 | FY 2018 | Change |
|---|---------|---------|--------|
| Contribution from new business | £319m | £301m | ↑ £18m |
| Profit from managing existing business | £287m | £228m | ↑ £59m |
| Strategic development costs and other items | £173m | £111m | ↑ £62m |



2019 FINANCIAL RESULTS

RECORD ASSETS UNDER MANAGEMENT OF £139 BILLION

Assets under management (£'bn)

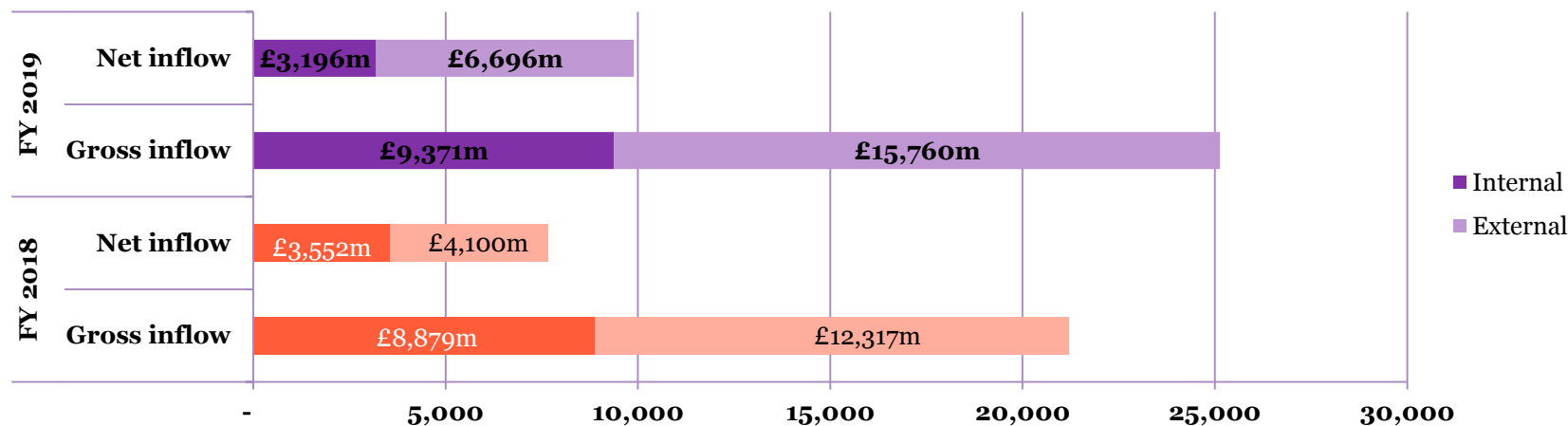


Record gross and net inflows

Outstanding investment performance with 98% (2018: 54%) of active funds outperforming their benchmark over a three year period⁶

Market leader in sustainable funds in 2019, with over £1.3bn in gross flows

Gross and net flows (£'m)





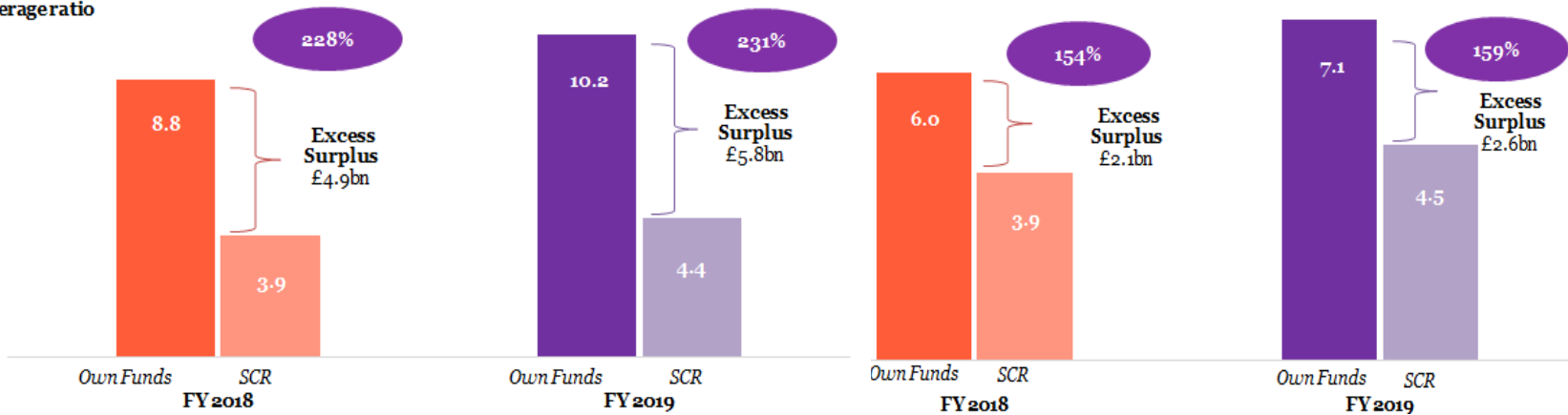
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CAPITAL POSITION REMAINS ROBUST

Group Capital Position - Investor View (£'bn)

Group Capital Position - Regulatory View (£'bn)

Coverageratio

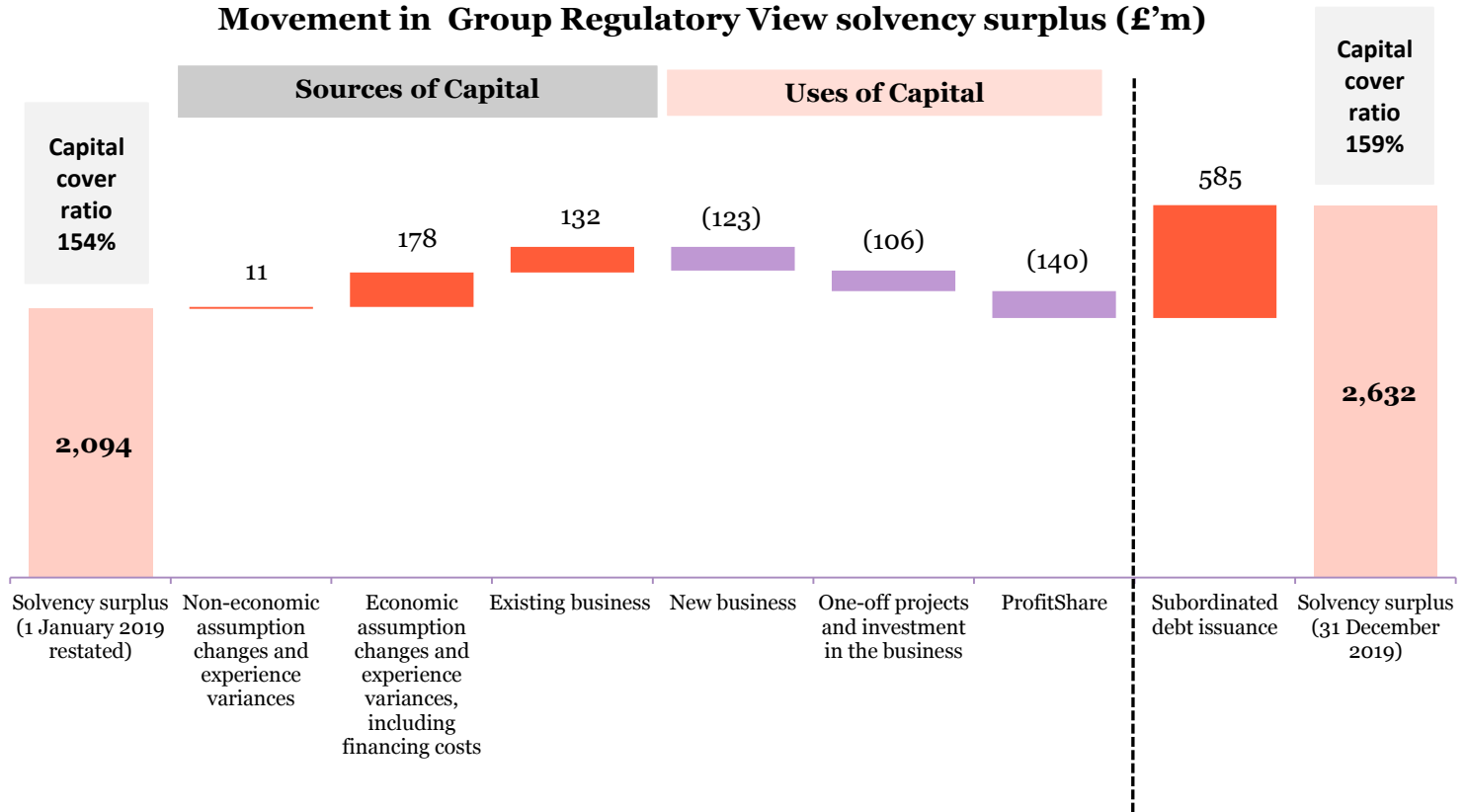




2019 FINANCIAL RESULTS

GROWTH IN EXCESS SURPLUS


Movement in Group Regulatory View solvency surplus (£'m)





2019 FINANCIAL RESULTS

EVENTS AFTER THE BALANCE SHEET DATE

| | | 13 Mar 20 ⁷ | 31 Dec 19 | Change ⁸ |
|---|---|------------------------|-----------|---------------------|
| CAPITAL  | Group Capital cover ratio (Regulatory View) ⁵ | 150% | 159% | (9%) |
| | Group Capital cover ratio (Investor View) ⁵ | 223% | 231% | (8%) |
| | Group Solvency Surplus (Regulatory View) ⁵ | £2.4bn | £2.6bn | (£0.2bn) |
| | Group Solvency Surplus (Investor View) ⁵ | £5.9bn | £5.8bn | £0.1bn |



Q&A



THANK
YOU

FOOTNOTES TO 2019 YEAR END FINANCIAL RESULTS

- 1) Change is increase or decrease compared to 31 December 2018. Full Year covers the period from 1 January to 31 December.
- 2) Present value of new business premiums (PVNBP) is the total of new single premium sales received in the year plus the discounted value, at the point of sale, of the regular premiums the Group expects to receive over the term of the new contracts sold in the year. The rate used to discount the cash flows in the reported results has been derived from the 31 December 19 swap curve.
- 3) Gross and net flows incorporate flows into Asset Management from external clients and internal flows from The Royal London Mutual Insurance Society Ltd (RLMIS). External client net inflows represent external inflows less external outflows, including cash mandates. Internal net inflows from RLMIS represent the combined premiums and deposits received (net of reinsurance) less claims and redemptions (net of reinsurance). Given its nature, non-linked Protection business is not included.
- 4) Assets under Management represents the total of assets actively managed by, or on behalf of, the Group, including funds managed on behalf of third parties. It excludes assets administered through IFDL, our platform business.
- 5) The 'Investor View' does not restrict the surplus in the closed funds. The 'Regulatory View' includes the restriction on closed funds' surplus in excess of the SCR, which is treated as a liability and is excluded from total available own funds. Group and Parent company capital figures are stated on an Internal Model basis, and prior year comparatives have been restated on an Internal Model basis to allow better comparison. Comparative figures are stated as at 1 January 2019 as Royal London became an insurance Group for Solvency II purposes with effect from 1 January 2019.
- 6) Investment performance has been calculated using a weighted average of our active assets under management which are outperforming their respective benchmarks. Benchmarks differ by fund and reflect their mix of assets to ensure we are comparing like with like. Passive funds are excluded from this calculation as, whilst they have a place as part of a balanced portfolio, we are believers in the long-term value that active management can add.
- 7) The estimated capital cover ratios and solvency surplus on both the Group Regulatory and Group Investor View basis as at 13 March 2020 assume the recalculation of the Transitional Measure on Technical Provisions for material changes in risk free rates arising in Q1 2020, which is subject to regulatory approval.
- 8) Change is the increase or decrease between 31 December 2019 and the estimated position at 13 March 2020.