

ROYAL LONDON 2018 INTERIM FINANCIAL RESULTS



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16 August 2018

2018 INTERIM FINANCIAL RESULTS

FORWARD LOOKING STATEMENT

This document should be read in conjunction with Royal London's Interim Financial Results Press Release for 2018, which can be found at:

<http://www.royallondon.com/about/media/news/>

This document may contain forward-looking statements with respect to certain of 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.






FINANCIAL HIGHLIGHTS

2018 INTERIM FINANCIAL RESULTS

FINANCIAL HIGHLIGHTS

		30 June 18	Change ²		
EEV 	Life and pensions sales <i>PVNB</i>¹	£6,077m	(£1m)		0%
	New business margin	1.8%	-		-%
	EEV operating profit <i>before tax</i>	£187m	£2m		1%
	EEV profit <i>before tax</i>	£358m	£31m		9%
IFRS 	IFRS transfer to the UDS <i>before OCI</i>	£196m	£4m		2%
FLows 	Gross inflows³	£9,589m	£494m		5%
	Net flows³	£4,177m	£520m		14%
FUNDS 	Funds under management⁴	£117bn	£3bn		3%

		30 June 18	Change ²		
CAPITAL 	Solvency Surplus (<i>Investor View</i>)⁵	£5.4bn	(£0.1bn)		(2%)
	Capital cover ratio (<i>Investor View</i>)⁵	225%	(10pp)		(4%)

2018 INTERIM FINANCIAL RESULTS

LIFE AND PENSIONS NEW BUSINESS SALES REMAIN STRONG



Life and pensions new business sales PVNBP¹ - £6,077m

(30 June 2017 £6,078m)

Pensions

UK Protection

Consumer

£5.4bn



1%

£383m



14%

£248m



8%

2018 INTERIM FINANCIAL RESULTS

RECORD HIGH FUM ACHIEVED



Funds under management (FuM⁴)- £117bn
Assets under administration (AuA⁶) - £15.1bn

Royal London Asset Management

FuM
30 June 2018 - £117bn
(31 December 2017 - £114bn)



£3bn

Royal London Platform Services

AuA
30 June 2018 - £15.1bn
(31 December 2017 - £14.4bn)



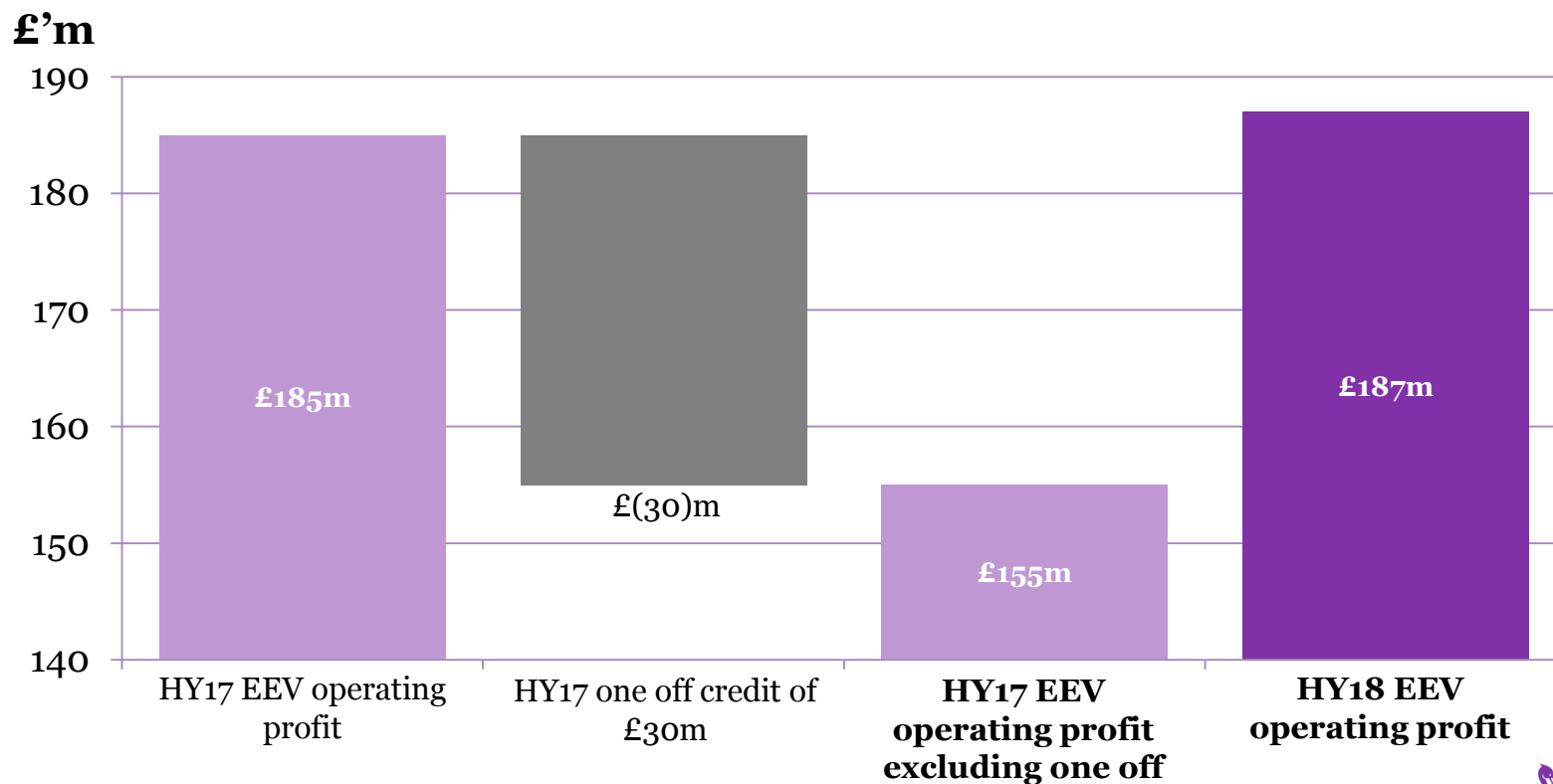
£0.7bn

2018 INTERIM FINANCIAL RESULTS

CONSISTENT EEV OPERATING PROFIT



EEV operating profit *before tax* - £187m (30 June 2017 £185m)



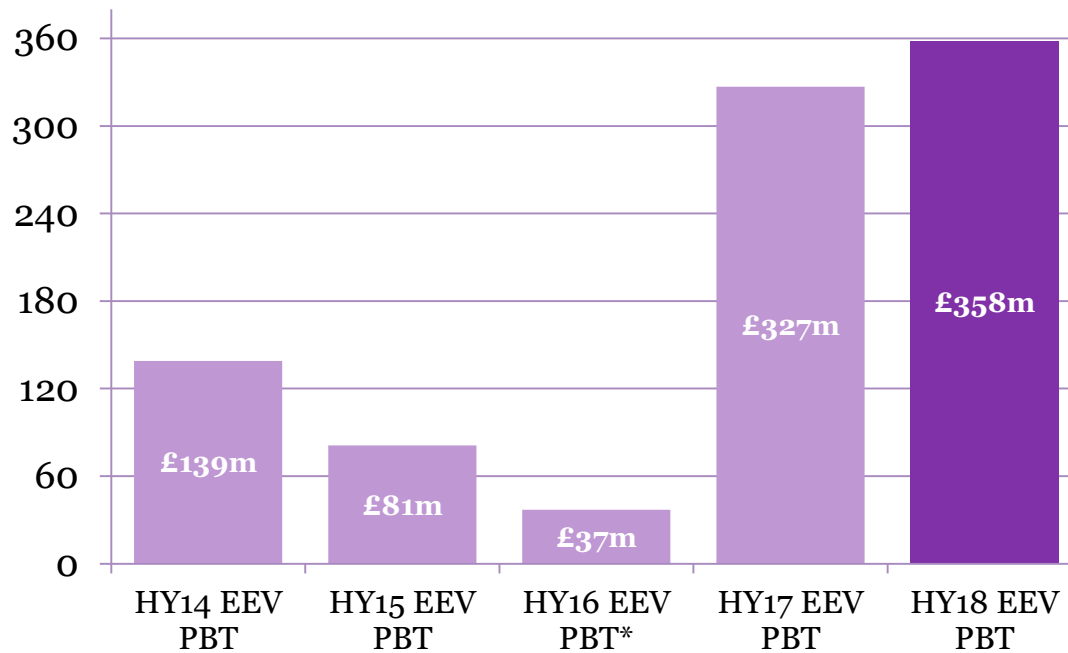
2018 INTERIM FINANCIAL RESULTS

STRONG OPERATING PERFORMANCE AND FAVOURABLE ECONOMIC ASSUMPTIONS



EEV profit *before tax* - £358m (30 June 2017 £327m)

£'m



£358m



9%

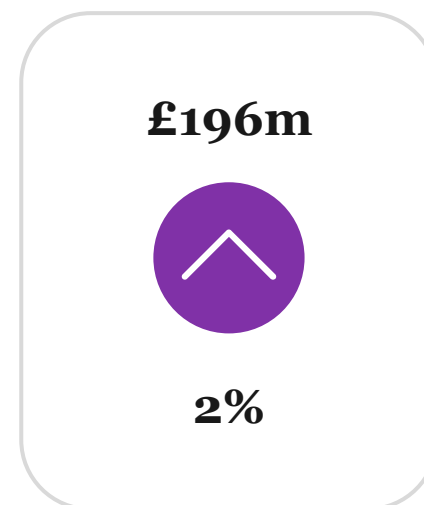
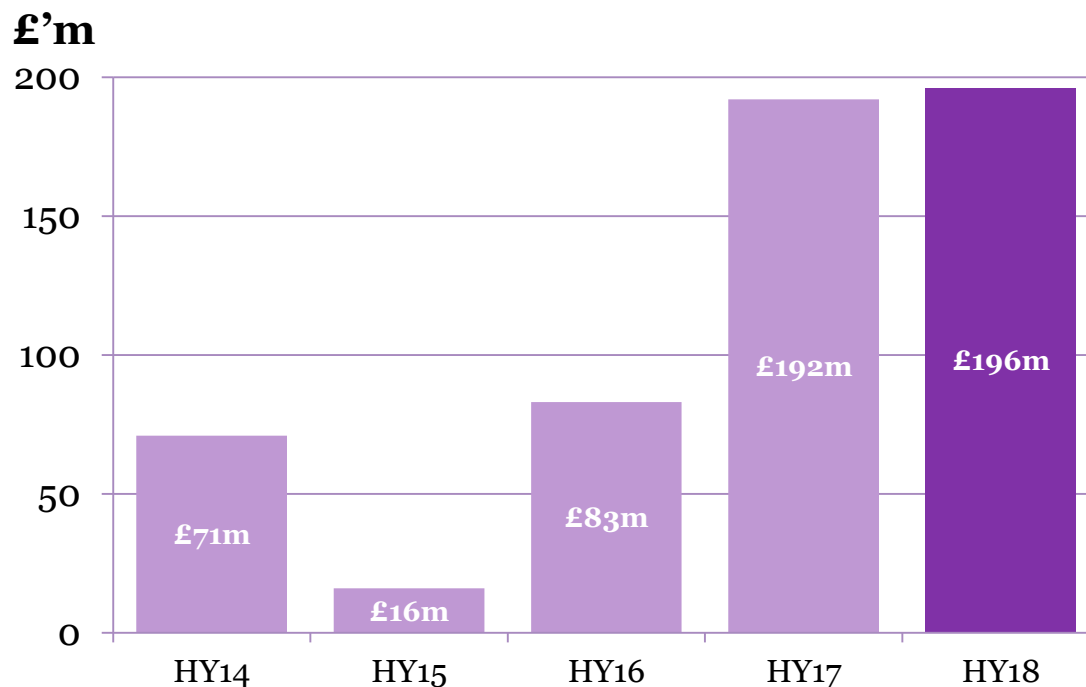
**HY16 EEV PBT is stated before the change in basis for Solvency II of £182m.*

2018 INTERIM FINANCIAL RESULTS

STRONG OPERATING BUSINESS PERFORMANCE



IFRS transfer to UDS - £196m (30 June 2017 £192m)



**HY16 IFRS transfer to UDS is stated before the change in basis for Solvency II of £165m.*

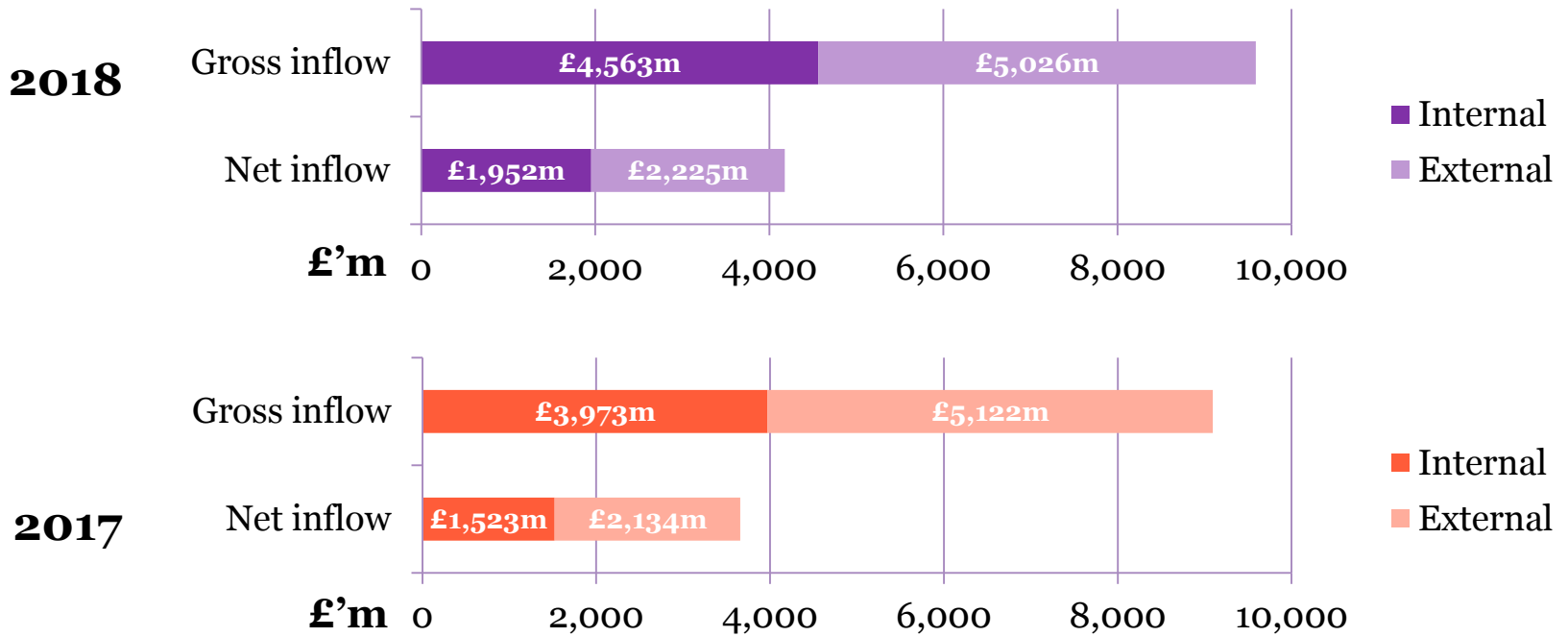
2018 INTERIM FINANCIAL RESULTS

INCREASE IN NET FLOWS THROUGH NEW BUSINESS SALES



Gross inflows³ - £9,589m (30 June 2017 - £9,095m)

Net inflows³ - £4,177m (30 June 2017 - £3,657m)



2018 INTERIM FINANCIAL RESULTS

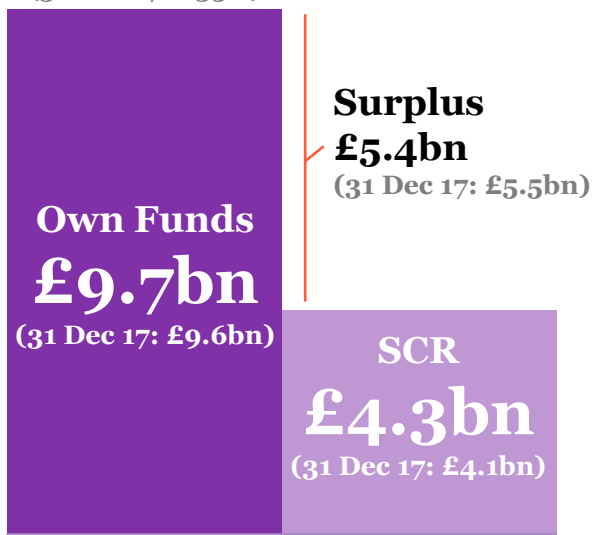
STRONG CAPITAL POSITION



Solvency II Surplus (*Investor⁵*) £5.4bn (31 Dec 2017 - £5.5bn)
Capital cover ratio (*Investor⁵*) 225% (31 Dec 2017 - 235%)

Investor view

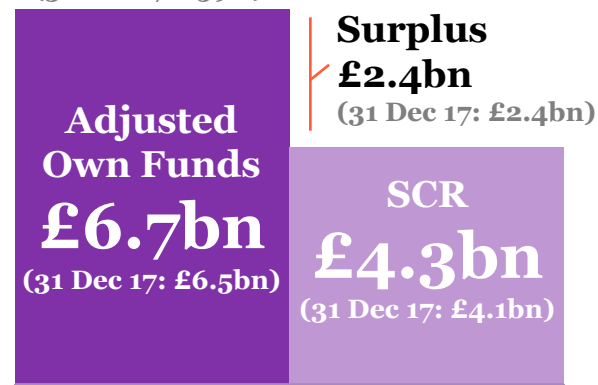
Capital cover
225%
 (31 Dec 17: 235%)



Closed fund surplus of £3.0bn is treated as a liability
 (31 Dec 17: £3.1bn)

Regulatory view

Capital cover
156%
 (31 Dec 17: 159%)





Q&A



THANK
YOU

FOOTNOTES TO 2018 INTERIM FINANCIAL RESULTS

- 1) 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 swap curve.
- 2) Change is increase or decrease compared to 30 June 2017 or 31 December 2017.
- 3) Gross and net flows incorporate The Royal London Mutual Insurance Society (RLMIS) and Royal London Asset Management (RLAM). Net flows from RLMIS represent the combined premiums and deposits received (net of reinsurance) less claims and redemptions (net of reinsurance) on an IFRS basis. Given its nature, Protection business is not included. RLAM net flows represent external inflows less external outflows, including cash mandates but excluding Channel Islands cash mandates.
- 4) Funds under management represent the total of assets managed or administered by the Group on behalf of Institutional and Wholesale clients, and on behalf of the Group. It excludes assets administered through RLPS, our platform business.
- 5) We have presented a Total Company ('Investor View'), which comprises the Royal London Open Fund, into which all new business is written, and seven closed ring-fenced funds from previous acquisition activity. The Investor View includes the surplus from the closed funds. Total Company ('Regulatory View') includes a restriction of £3.0bn (31 December 2017: £3.1bn) as a deduction from total Own Funds of £9.7bn (31 December 2017: £9.6bn), because excess capital in the closed funds is ultimately for the benefit of those closed fund policyholders. Therefore closed funds report a zero surplus, with Total Company surplus equal to the Open Fund surplus. After the £3.0bn restriction, the Total Company ('Regulatory View') reported a capital cover ratio of 156% at 30 June 2018 (31 December 2017: 159%).
- 6) Assets under administration represent the total assets administered on behalf of individual customers and Institutional clients through our platform business.