



# **2019 HALF YEAR FINANCIAL RESULTS**

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# 2019 HALF YEAR FINANCIAL RESULTS

## FORWARD LOOKING STATEMENT

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

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

*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.*





# FINANCIAL HIGHLIGHTS

# 2019 HALF YEAR FINANCIAL RESULTS

## FINANCIAL HIGHLIGHTS

		30 Jun 19	30 Jun 18	Change <sup>1</sup>
<b>FLOWS</b> 	<b>Gross inflows<sup>2</sup></b>	£12,618m	£9,589m	£3,029m
	<b>Net flows<sup>2</sup></b>	£5,473m	£4,177m	£1,296m
<b>IFRS</b> 	<b>IFRS profit before tax</b>	£411m	£190m	£221m
	<b>IFRS post tax transfer to eligible policyholders</b>	£247m	£196m	£51m
<b>EEV</b> 	<b>EEV operating profit before tax</b>	£187m	£187m	£0m
	<b>Life and pensions sales PVNBP<sup>3</sup></b>	£5,824m	£6,077m	(£253m)
	<b>Total New business margin (incl. RLAM)</b>	2.0%	1.8%	0.2%
<b>FUNDS</b> 	<b>Fund performance vs benchmark<sup>4</sup></b>	97%	58%	39%

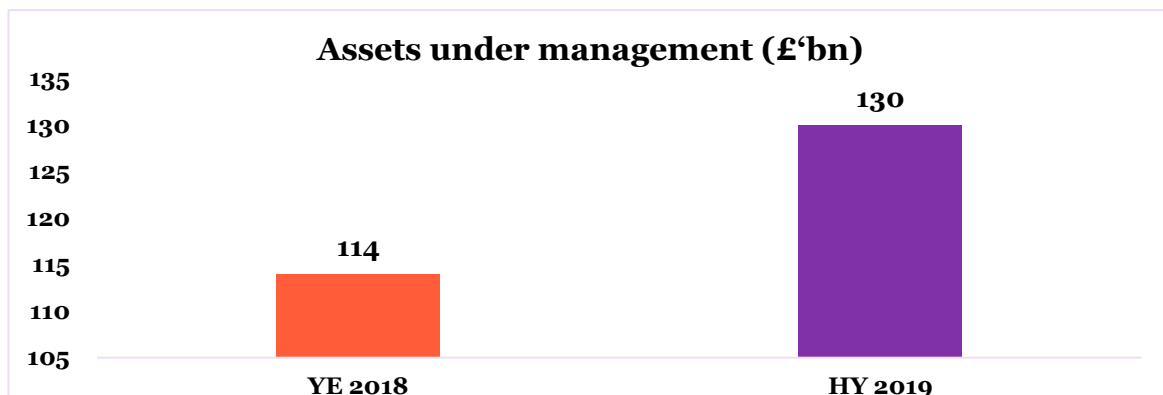
		30 Jun 19	31 Dec 18	Change <sup>1</sup>
<b>FUNDS</b> 	<b>Assets under management<sup>5</sup></b>	£130bn	£114bn	£16m
<b>CAPITAL</b> 	<b>Group Solvency Surplus (Investor View) <sup>6</sup></b>	£4.7bn	£4.4bn	£0.3bn
	<b>Group Capital cover ratio (Investor View) <sup>6</sup></b>	202%	197%	5%

All footnotes on page 12



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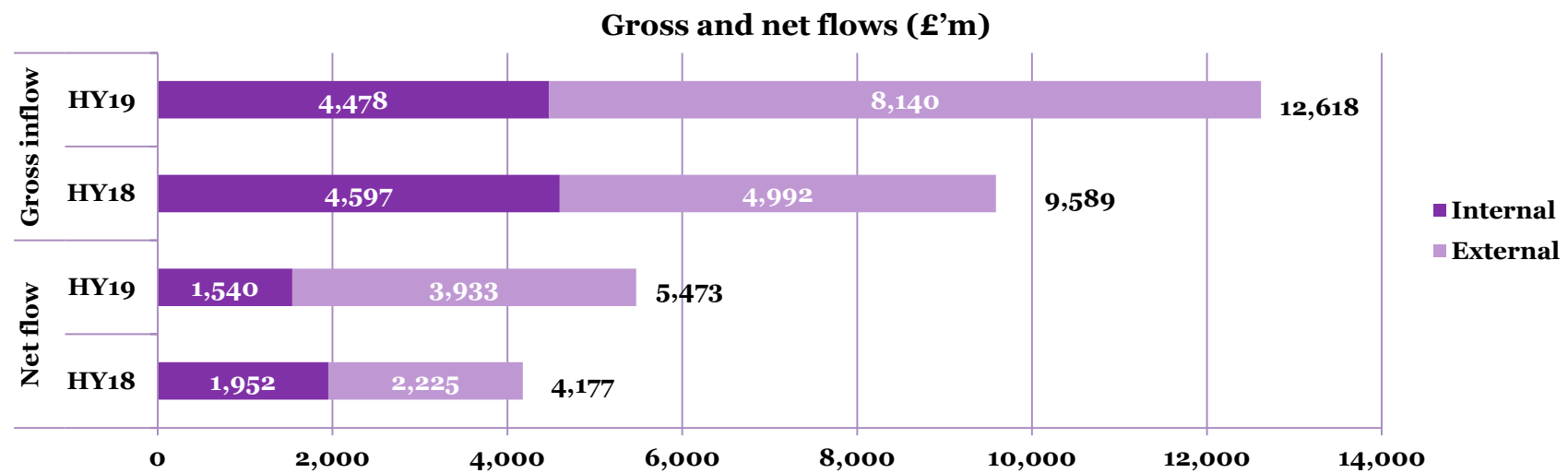
## RECORD HIGH RLAM ASSETS UNDER MANAGEMENT OF £130 BILLION



Record high gross and net inflow

Strong fund performance delivering higher than benchmark returns

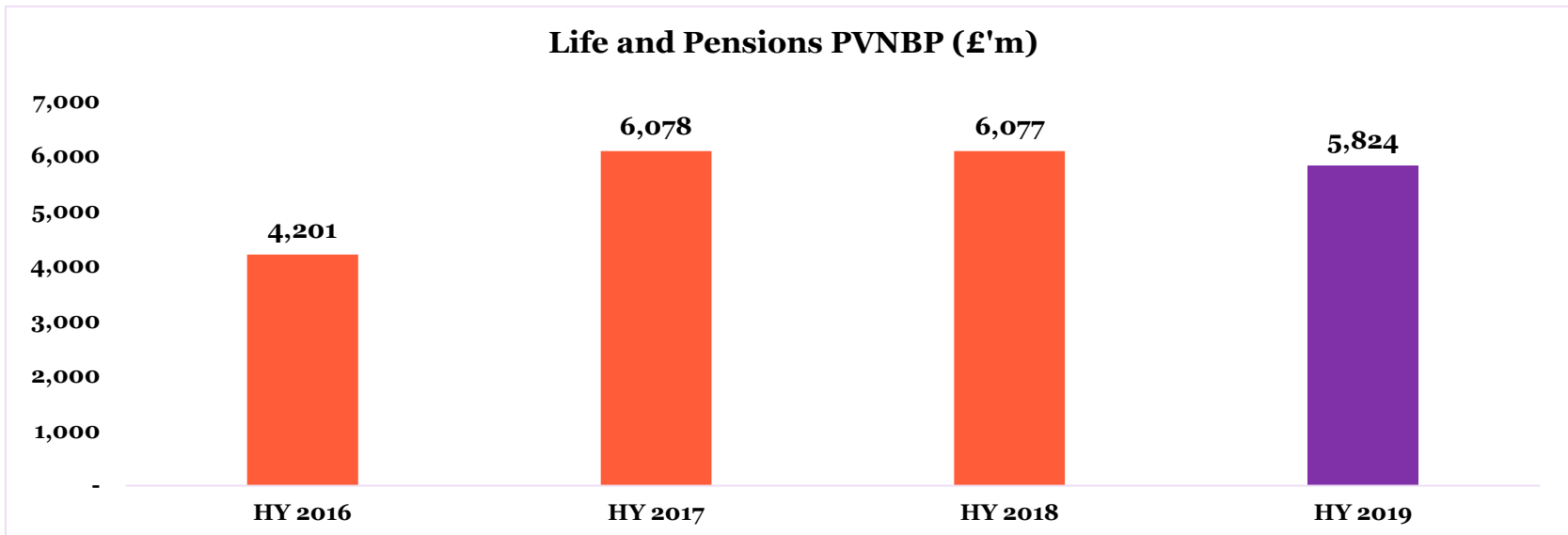
New business margin 1.1% (HY 2018 0.7%)





# 2019 HALF YEAR FINANCIAL RESULTS

## INCREASE IN NEW BUSINESS MARGIN FOLLOWING FOCUS ON NEW BUSINESS PROFITABILITY

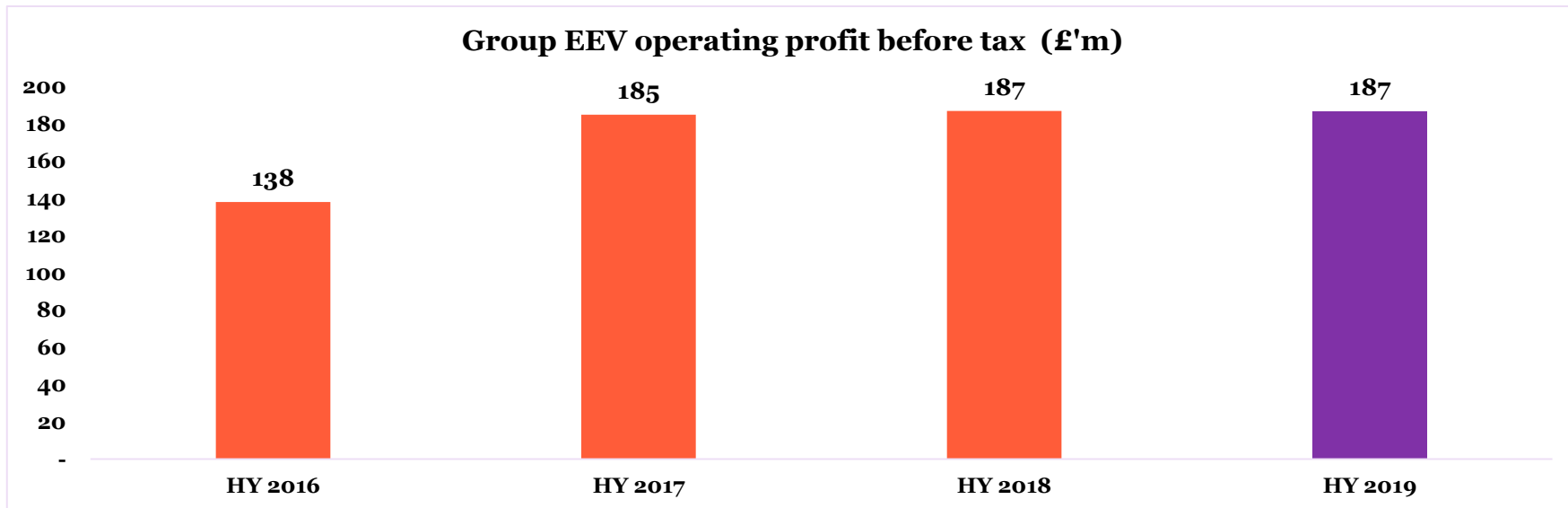


	PVNBP	New business margin
<b>Intermediary Pensions</b>	<b>£5,162m</b> (HY 2018: £5,398m)	<b>2.4%</b> (HY 2018: 2.2%)
<b>Protection (UK and Ireland)</b>	<b>£421m</b> (HY 2018: £431m)	<b>7.2%</b> (HY 2018: 5.8%)
<b>Consumer</b>	<b>£241m</b> (HY 2018: £248m)	<b>2.8%</b> (HY 2018: (1.8%))
<b>Life and pension business</b>	<b>£5,824m</b> (HY 2018: £6,077m)	<b>2.8%</b> (HY 2018: 2.3%)



# 2019 HALF YEAR FINANCIAL RESULTS

## EEV OPERATING PROFIT



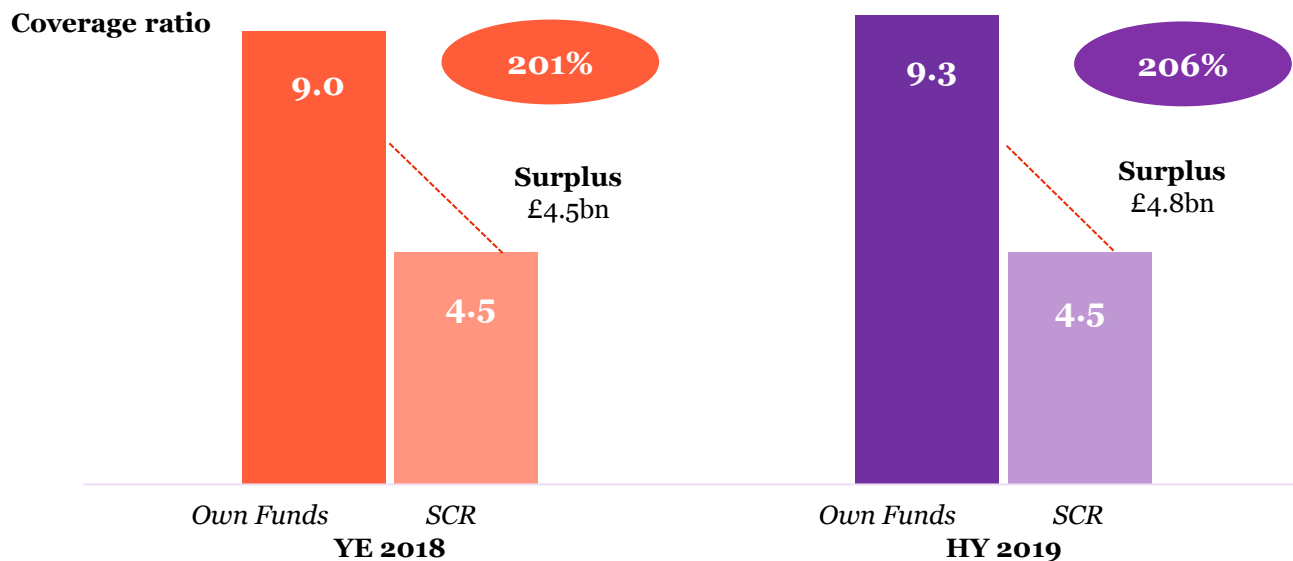
	HY 2019	HY 2018	Change
Contribution from new business	£194m	£142m	↑ £52m
Profit from managing existing business	£54m	£69m	↓ £15m
Strategic development and other items	(£62)m	(£33)m	↑ £29m



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## CAPITAL POSITION REMAINS ROBUST

Capital Position - Investor View<sup>6</sup> Solo (£'bn)



Above position is on a solo basis, for Group the Surplus is £4.7bn at half year 2019 (HY 2018: £4.4bn) and coverage ratio 202% (HY 2018: 197%).

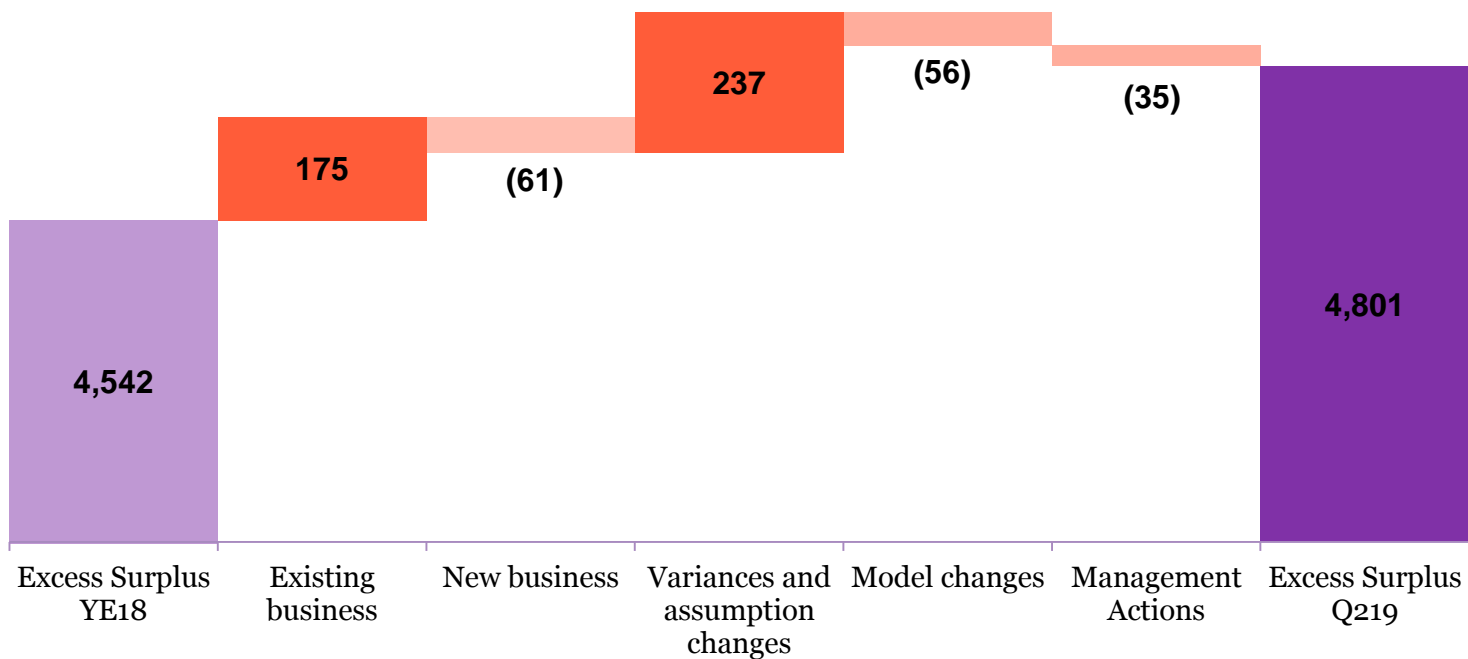




# 2019 HALF YEAR FINANCIAL RESULTS

## GROWTH IN EXCESS SURPLUS

**Movement in Investor View Excess Surplus Solo (£'m)**





Q&A



THANK  
**YOU**

# FOOTNOTES TO 2019 HALF YEAR FINANCIAL RESULTS

- 1) Change is increase or decrease compared to 30 June 2018 (Income Statement, Flow and Investment Performance amounts) or 31 December 2018 (Balance Sheet and Capital amounts).
- 2) 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). Given its nature, Protection business is not included. RLAM net flows represent external inflows less external outflows, including cash mandates.
- 3) 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 YE18 swap curve.
- 4) 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.
- 5) 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 Ascentric, our platform business.
- 6) The 'Investor View' does not restrict the surplus in the closed funds.