

## EXECUTION, DELIVERY, GROWTH

I'm delighted with the results because they demonstrate, once again, the consistency of our financial performance. Great cash flow, great earnings and much better execution.

There are several key features of these results I'd like to comment on. Earnings per share, up ten per cent, net cash, up ten per cent, profits up ten per cent, and, of course, dividends up 21 per cent.

We've got a great track record on dividends, almost a 200 per cent increase over the last five years.

Our strategy of focusing on these five global massive mega trends and linking that very much to our businesses has been really successful. It's all playing out as we expected, despite a very volatile and complex global macro environment.

## NIGEL WILSON: GLOBAL MACRO GROWTH TRENDS

We're very pleased with the way the global trends are playing out. The asset market strategy, which was largely based initially on the US and the UK, is now delivering success elsewhere. Clearly we've had a great performance in building our international business assets under management, now well over £120bn which, from a standing start six or seven years ago is a great achievement. But we've seen success in all markets: the launch of SICAV in Europe, our first big wins in Asia. But you'll see more from us in 2015 and beyond, as we move elsewhere in the world to really capitalise on the strength of the L&G brand name but also on the quality of the products that we deliver for customers.

I think we all see ageing populations as being a huge mega trend around the world. We saw our annuity assets grow over 20 per cent this year; we've seen our LDI assets grow continually; we've had huge successes in the United States where we've got four of the top ten pension clients already as customers of Legal & General. We're now looking at opportunities outside of the US and the UK for expanding our footprint.

One of the key things, and one of the things that perhaps has surprised me is the strength of the L&G brand and the confidence and the capability of our people to deliver for our customers. The world is just becoming more digital – we all accept that now as a given. We're still half way through executing the first phase of our strategy and I'm really pleased with the progress in certain areas, other areas, frankly, we've got to catch up and set the bar higher in 2015 and beyond. We can see our assets under management moving forward very impressively, our workplace pension products are market leading already; we've got some great self-service products, particularly for our SME customers here in the UK.

In terms of welfare reform, really it's Angela Merkel's court that drives everything there. You know, Europe represents about seven per cent of the world's population, about 20 per cent of its GDP, but about 50 per cent of its social security spending. We've created an unsustainable model in Europe, there's lots of government deficits everywhere, but these are global trends – people recognise that the welfare markets across the world need reform.

We played a leading role in auto-enrolment in the UK, which has been hugely more successful than anybody expected and we're already getting more than 20 per cent market share here in the UK. But we

see that rolling out to various other sectors, and we see Legal & General definitely at the forefront of the developments in welfare reform.

We all know banks are retrenching, and that's a great trend for us. It's almost 'back to the future' for Legal & General; we used to do a lot of these activities, 20, 30, 40 years ago and people are increasingly valuing the fact that we can play this much bigger role – whether it's helping to finance student accommodation, urban regeneration, housing. These are all very purposeful things to do. We've launched our SME lender, Pemberton, Cala, our house builder, we've given a target of trebling the size of that business in three years here in the UK. There are just a huge number of opportunities for us to step forward, step up, as banks retrench from more and more markets, and provide greater and greater opportunities for Legal & General.

#### NIGEL WILSON: INFRASTRUCTURE INVESTING

We're very lucky in a certain sense. We have long-term liabilities and the insight is we have to create long-term assets to match those long-term liabilities. We've characterised that as slow money – that's money that we're prepared to invest for ten, 20, 30, 40, and even 50 years, largely, at the moment, in the UK economy.

We've created new asset classes to do that, whether that's student accommodation, where we've invested about £1.5bn; urban regeneration, where we're playing a key role in places like Salford, Bracknell, Canning Town, Plymouth. And many more areas need slow money.

We've got our joint venture with PGGM, one of the world's largest pension funds here in the UK – that's already got two vehicles up and running. And Cala, our house builder, acquired Banner in 2014 to make it a national house builder - it's now a top ten house builder. We have a pipeline, from a standing start two years ago to almost 25,000 houses. And that includes investing with areas like investing with Places for People, who are going to build 7,000 largely affordable houses here in the UK, building houses for keyworkers, like NHS workers, here in the UK and also affordable homes and care homes for people.

These are all long-term macro-economic trends that we can match our slow money with, so we're very excited about the future prospects of slow money.