

Delivering inclusive capitalism

Sharing success with investors, customers and society

LEGAL & GENERAL GROUP PLC | BANK OF AMERICA MERRILL LYNCH ANNUAL FINANCIALS CEO
CONFERENCE SEPTEMBER 2018



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Our strategy is aligned to drivers of consistent structural growth

Growth drivers

<p>Ageing demographics</p>	<ul style="list-style-type: none"> • Target record year in UK PRT market, >£5bn YTD and >£2bn exclusive • \$25bn annual US PRT market opportunity • Lifetime mortgage market growing to £6bn by 2020 	<p>INVESTING & ANNUITIES</p>		
<p>Globalisation of asset markets</p>	<ul style="list-style-type: none"> • \$85tn global AUM growing to \$145tn by 2025; current market share 1.3% • ESG, FBI, European ETF markets all growing strongly • LDI / Solutions increasing US penetration 			
<p>Creating real assets</p>	<ul style="list-style-type: none"> • Regional devolution driving committed £15bn growth in future cities • UK housing market shortfall of up to 300,000 units per year • Significant global infrastructure requirement: UK £380bn requirement; Europe €400bn; US \$ trillions... 		<p>INVESTMENT MANAGEMENT</p>	
<p>Welfare reforms</p>	<ul style="list-style-type: none"> • UK DC market of £338bn in 2016 expected to grow to £871bn by 2026 • UK ISA / D2C market £560bn in 2017, up 19%, growing to £1,340bn by 2022 	<p>INVESTING & ANNUITIES</p>		<p>INSURANCE</p>
<p>Technological innovation</p>	<ul style="list-style-type: none"> • Utilising ever cheaper technology to improve customer outcomes • Partnering with innovators and disruptors e.g. Salary Finance • Cloud, robotics, AI, big data, block chain and platforms built and utilised across our digital start-ups, scale-ups, and core business 			
<p>Today's capital</p>	<ul style="list-style-type: none"> • Invested in 240 UK start-ups to enable them to compete globally • Nearly €3bn committed AUM to Pemberton SME finance funds 			

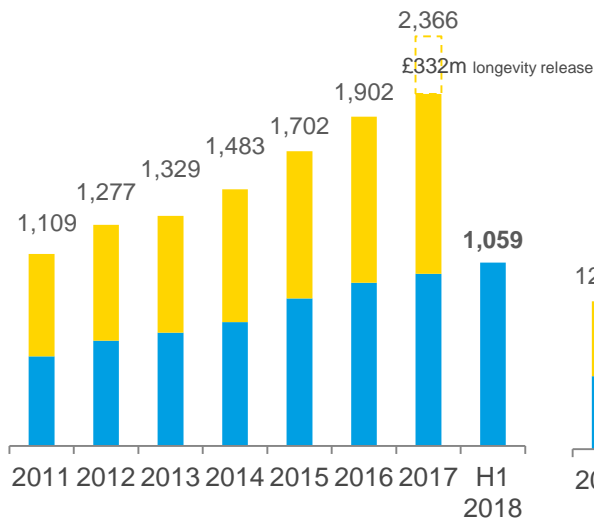
Structural growth drives profit

		Operating Profit (£m)				H2 2018 Growth Drivers
		FY 2017	H1 2018	H1 2017	Var %	
INVESTING & ANNUITIES	Legal & General Retirement: Institutional	906	361	333	8	<ul style="list-style-type: none"> Actively quoting on £27bn UK PRT business Doubled US PRT premiums YoY (\$297m in H1)
	Legal & General Retirement: Retail	341	119	107	11	<ul style="list-style-type: none"> LTM £600m H2 target Individual Annuities premiums up 16% in Q2
	Legal & General Capital	272	172	142	21	<ul style="list-style-type: none"> CALA and L&G Homes build-to-sell Further investment in urban regeneration and clean energy
INVESTMENT MANAGEMENT	Legal & General Investment Management	400	203	194	5	<ul style="list-style-type: none"> US LDI / Fixed income positive trends continuing Several UK & US DC mandate wins
INSURANCE	Legal & General Insurance	303	154	147	5	<ul style="list-style-type: none"> UK & US premium growth both up 3% GP turnaround on track
	General Insurance	37	(6)	15	-	<ul style="list-style-type: none"> Double digit growth in direct premium Strong distribution pipeline
Total		2,366	1,003	938	7	

Consistently delivering

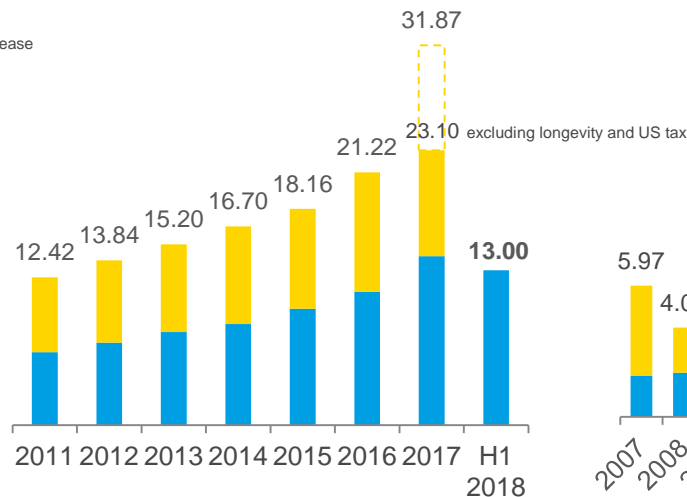
Operating profit from divisions (£m)

10% CAGR 2011 – 2018¹



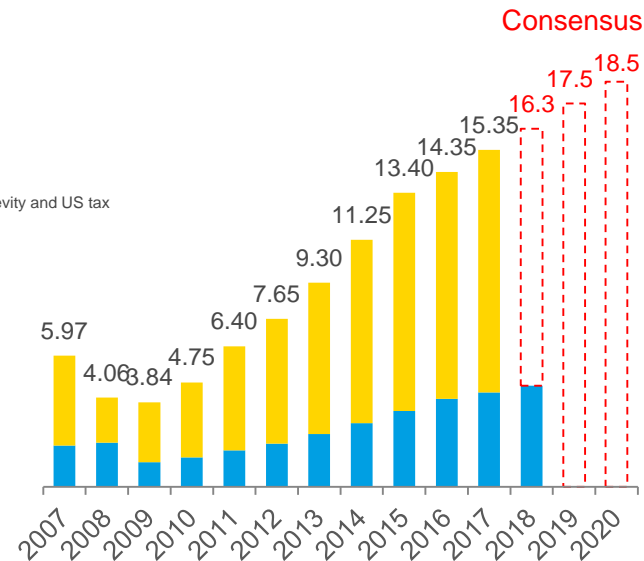
Earnings per share (p)

10% CAGR 2011 – 2018¹



Dividend per share (p)

10% CAGR 2007 – 2018



1. 2017 excludes £126m base mortality release in H1 and £206m trend mortality release in H2

LGR: Institutional new business update

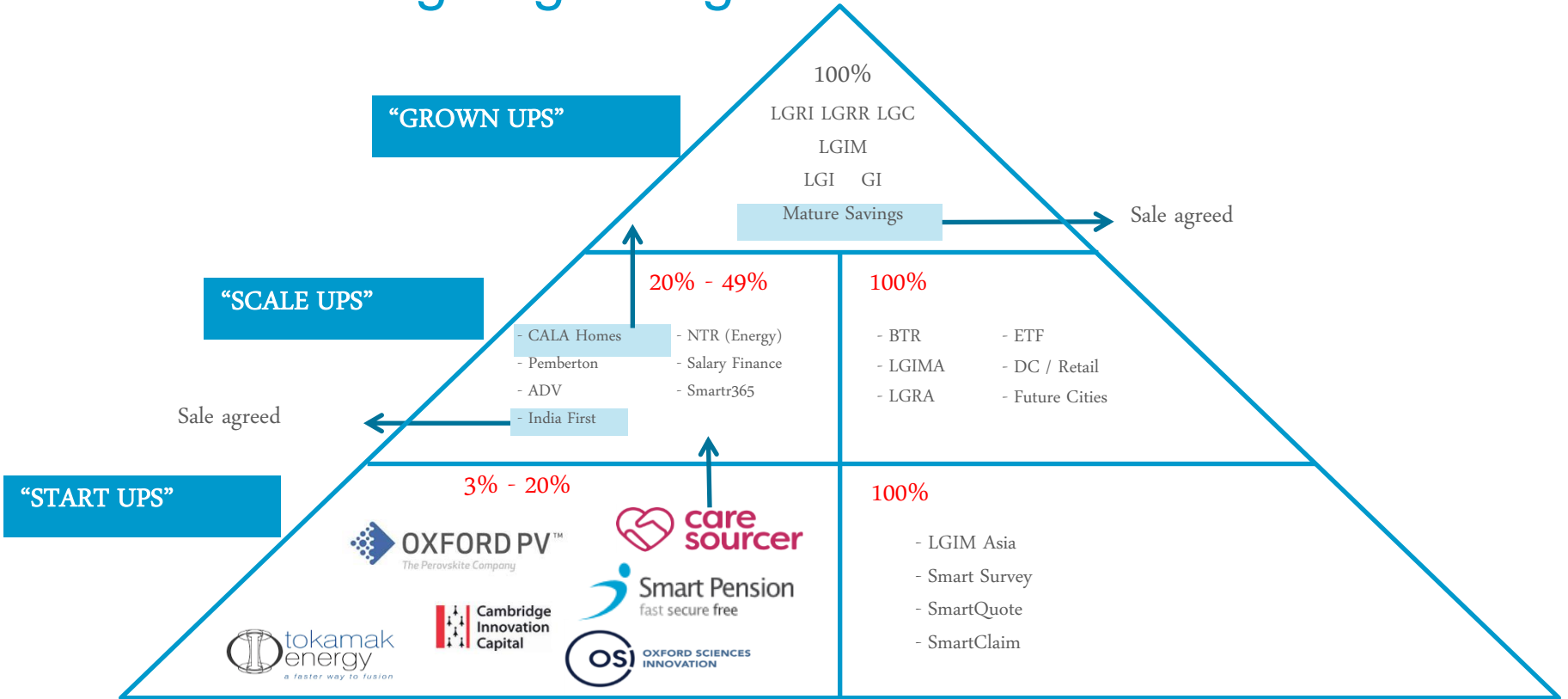
	2018 YTD ¹	H1	H2 TD
LGRI Completed Transactions	£6.0bn	£0.7bn	£5.3bn
UK PRT	£5.3bn	£0.5bn	£4.8bn
International PRT	£0.4bn	£0.2bn	£0.2bn
Longevity Insurance	£0.3bn	£0.0bn	£0.3bn

UK PRT Pipeline

UK PRT Actively Quoting as at HY Results	>£20bn
UK PRT Transactions completed with L&G since HY Results	- >£5bn
<i>UK PRT Transactions lost since HY Results</i>	- <£1bn
New UK PRT deals added to Actively Quoting since HY Results	+ £13bn
Current PRT Actively Quoting Pipeline	c£27bn

- £4.8bn UK PRT written in H2 includes a £4.4bn buy-in with British Airways PLC's pension scheme, covering c.22,000 pensioners. This is the largest ever bulk annuity policy arranged with a UK pension scheme
- IFRS and Solvency II impacts of YTD new business in line with previous levels reported by L&G
- Actively quoting on c.£27bn UK PRT with over £2bn in exclusive negotiations. Expect further transactions to be announced in next few months

L&G sustaining long term growth



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