

# Jeff Davies Full Year Results 2018

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## Transcript

Hello, Jeff Davies, Group CFO here to talk about the 2018 full year results.

2018 was another fantastic year for Legal & General, with great performance across all our divisions. Operating profit was at 10% to £1.9Bn and ROE is 22.7%.

EPS is up 7% to 24.7p. This is despite adverse markets at the end of 2018. All of this excludes our mortality release this year of £433M.

Solvency ratio was 188%. We maintained our pricing discipline whilst writing record volumes of annuity business. All with the strain of less than 4% of the capital.

Our key businesses across the group have produced impressive numbers both in the UK and overseas.

Firstly, in investing in annuities it was a record year for PLT volumes. We wrote £9.1bn of business across the UK, US and other territories.

LGRI wrote £8.4Bn of business in the UK and over \$840M in the US.

LGRR continues to perform strongly. It's up 18% at almost 800 million of volume. Overall our retirement business has increased profits by 22% and that's excluding the longevity releases.

LGC operating profits are at 18% with an additional contribution from CALA Homes following the full acquisition in March. The direct investment portfolio is up 63% to £2.4bn.

Next, investment management. Assets under management broke £1tn mark. A great achievement by the LGIM team. Operating profit was up by 2% at £407m.

Management fees were impacted by adverse markets and we maintained cost income ratio of 52% while investing in the business.

External flows were almost £43bn, 4% of AuM, of which almost £20bn was from international. We continue to be number 1 in DC with Assets under management now reaching £71bn.

International assets under management are now at £258bn with good contributions this year from the US and the Gulf.

And finally, insurance. On the life side, premiums grew by 3% to £2.6bn, whilst profits were up 2%.

Group protection returned to profitability following management actions to address adverse claims experience in prior periods. UK retail protection continued to perform well but with some pressure on margins. US business grew by 4% but was impacted by adverse mortality experience across the market.

General insurance operating profit decreased as a result of the freeze earlier in the year and then as a result in subsidence later in the year following the prolonged hot summer.

Excluding this impact operating profit was £26m and the combined operating ratio was 97%.

Total premiums were up 11% for GI to £410m.

In summary, all our businesses have great growth opportunities backed by a strong balance sheet and surplus liquidity position whilst delivering an excellent ROE. We look forward to successful 2019.