

# LEGAL & GENERAL

Bernstein Strategic Decisions Conference 2016

# 2016

Legal & General Group plc

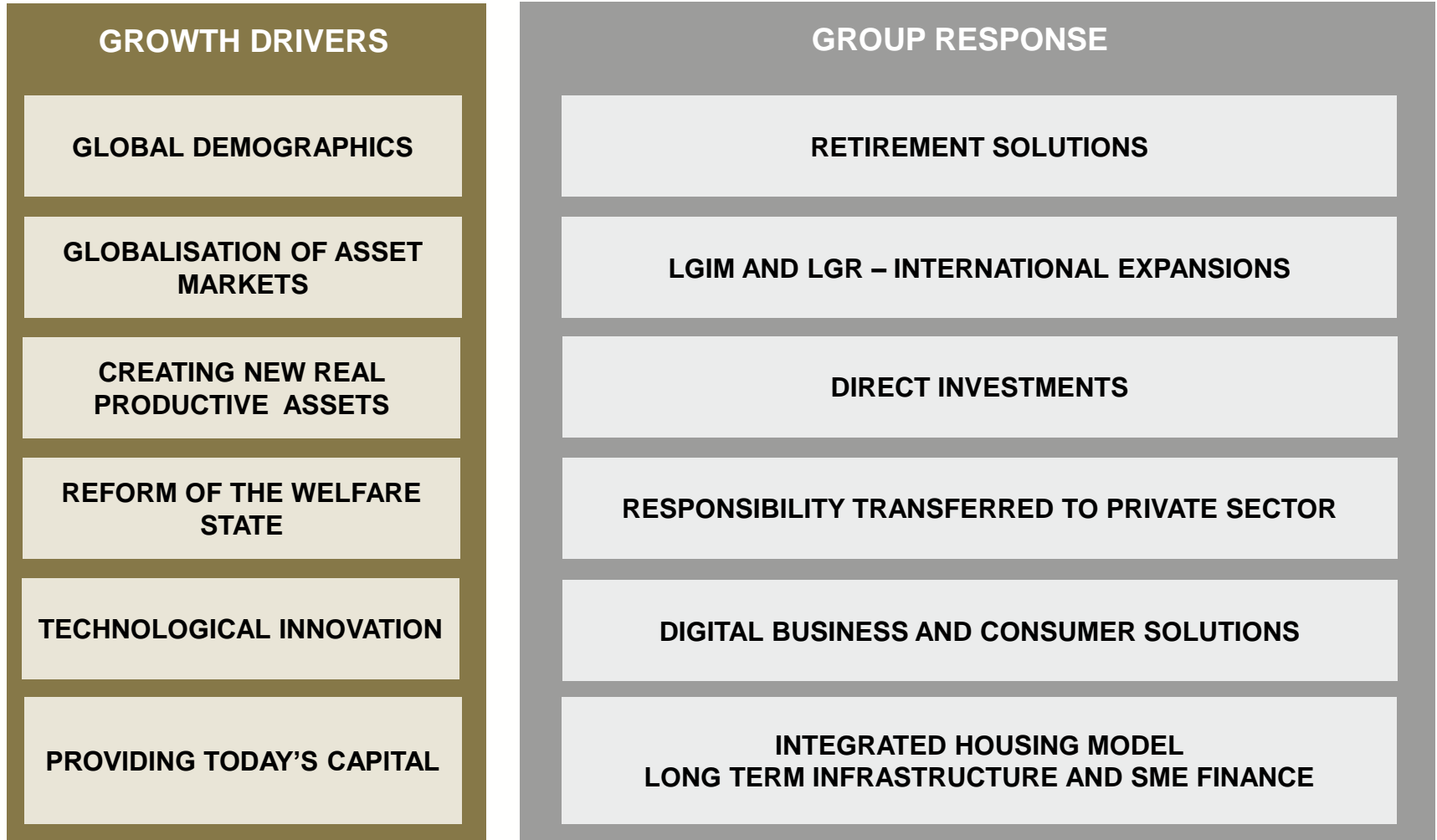
21 September 2016



Legal &  
General

Media City, Salford 2015

## Our six long term growth drivers



**DRIVING CASH AND DIVIDENDS**

# High performing Group aligned to growth drivers

## ASSET MANAGEMENT

Operating Profit (£m)  
H1 2016    H1 2015

### Legal & General Retirement

- £51bn of assets

406    281

### Legal & General Investment Management

- Over £853bn of assets

171    176

### Legal & General Capital

- £5.9bn of assets

135    115

**TOTAL**

712    572

Number of employees = about 2,700\*

## INSURANCE AND SAVINGS

Operating Profit (£m)  
H1 2016    H1 2015

### Insurance

- Retail protection GWP £582m
- Group protection GWP £233m
- General insurance GWP £156m

138    186

### Legal & General America

- \$88m net cash generation

43    40

### Savings

- £29bn of mature assets

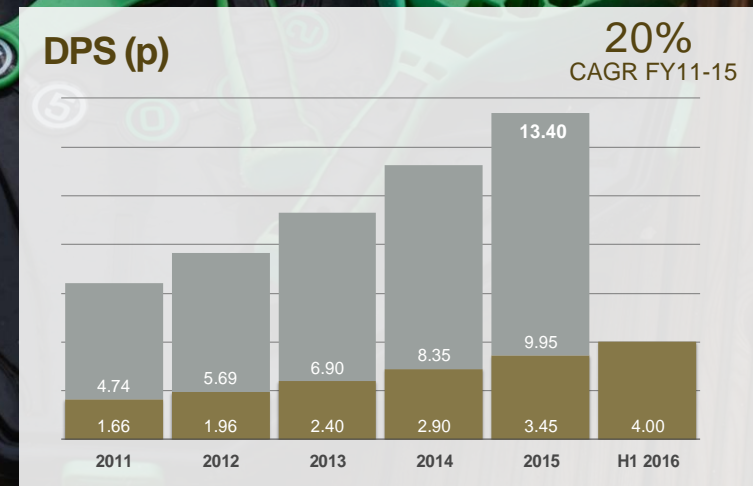
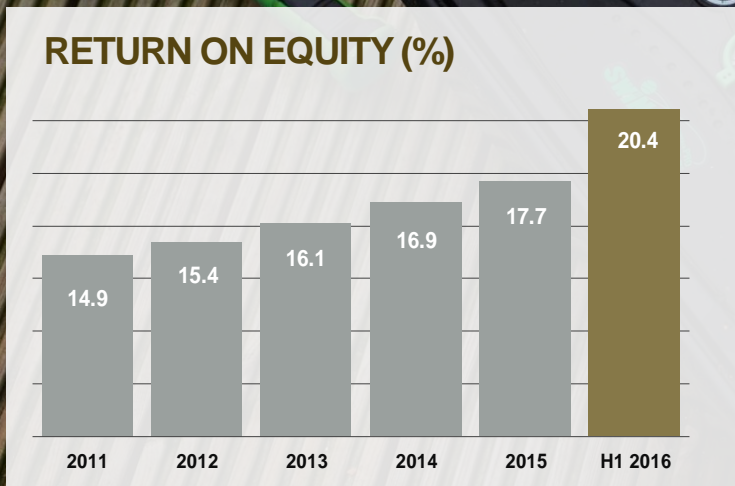
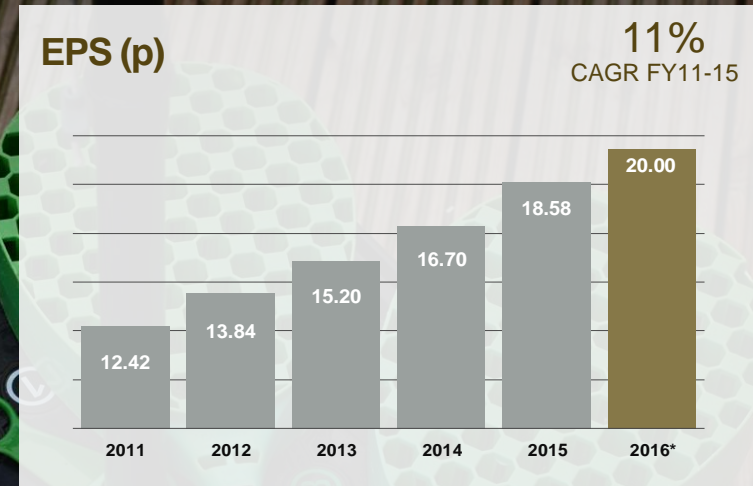
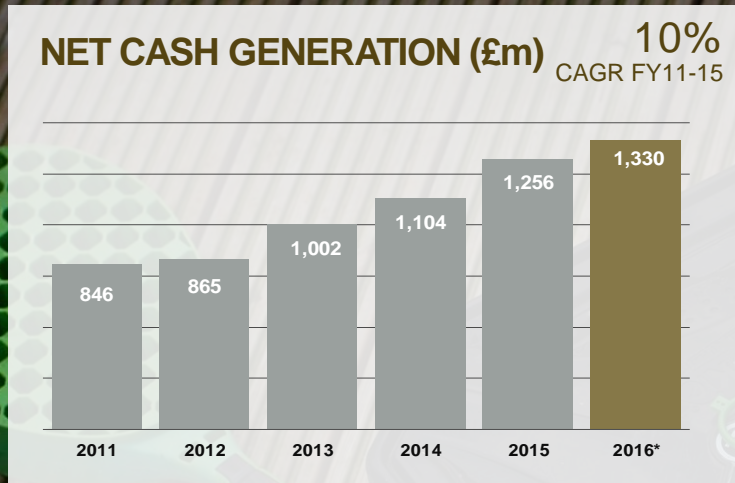
49    55

**TOTAL**

230    281

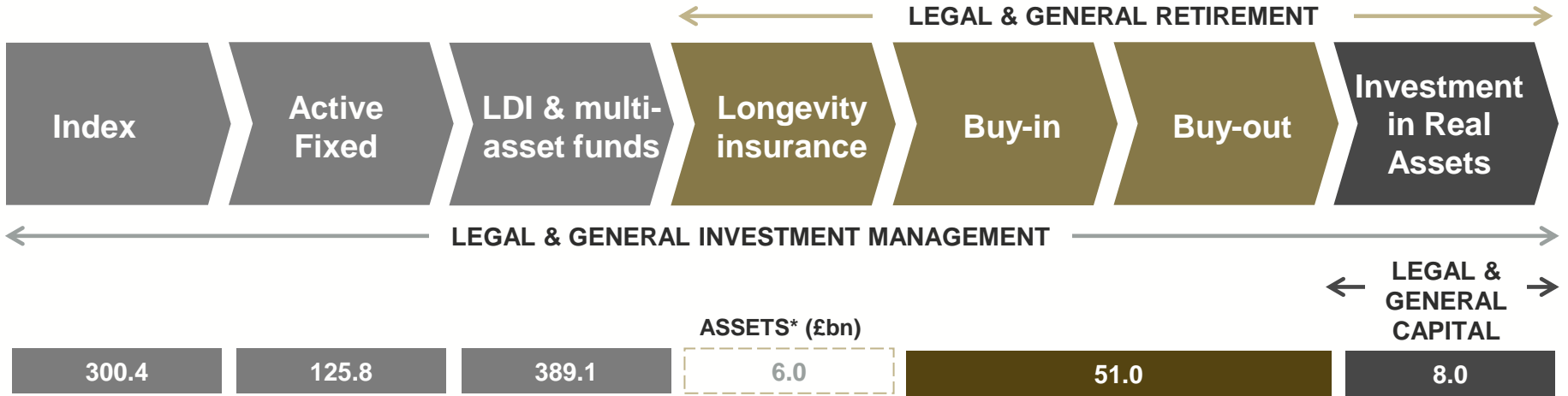
Number of employees = about 4,500\*

# Strong growth across metrics



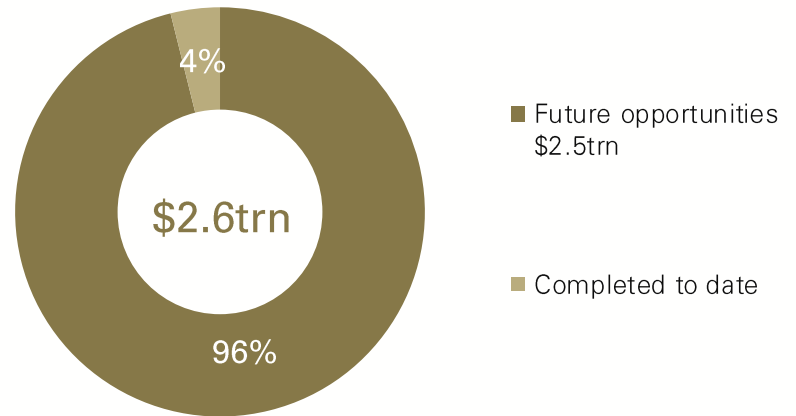
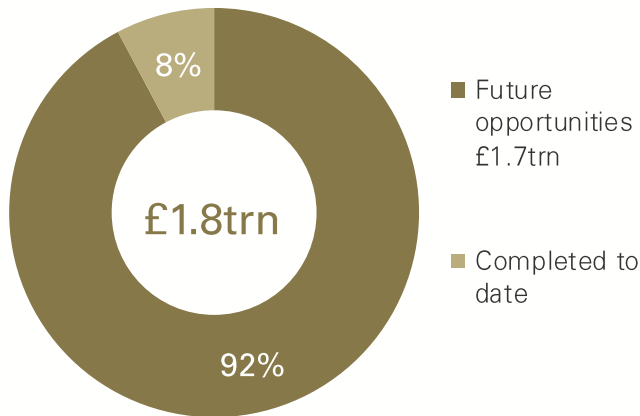
\* Based on consensus as at 31 August 2016, not representing opinions, forecast or predictions of management

# Our unique business model



**UK - private sector DB opportunities £1.7trn**

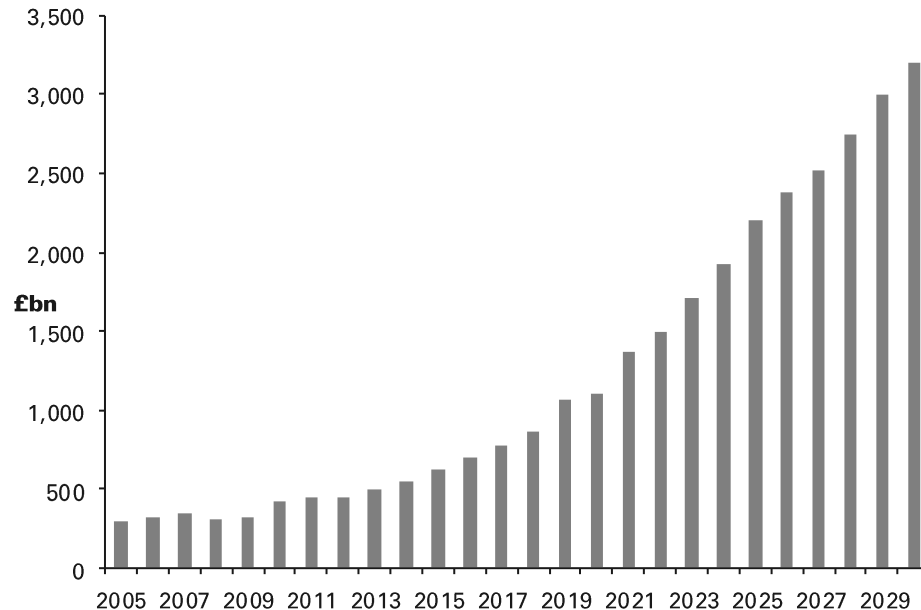
**US - private sector DB opportunities \$2.5trn**



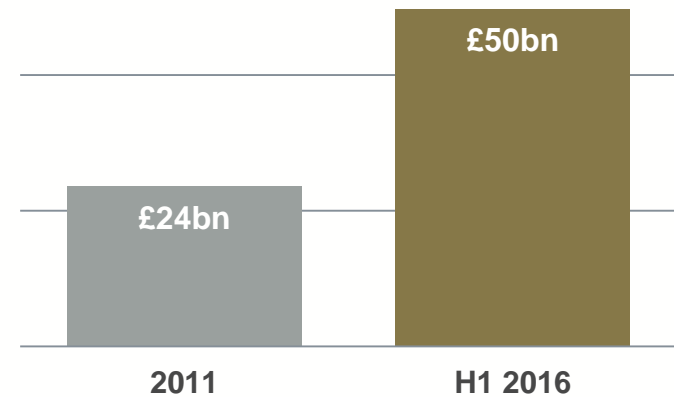
\* As at 30 June 2016

# LGIM: Defined Contribution opportunities

## UK DC savings industry projections



## LGIM UK DC AUM

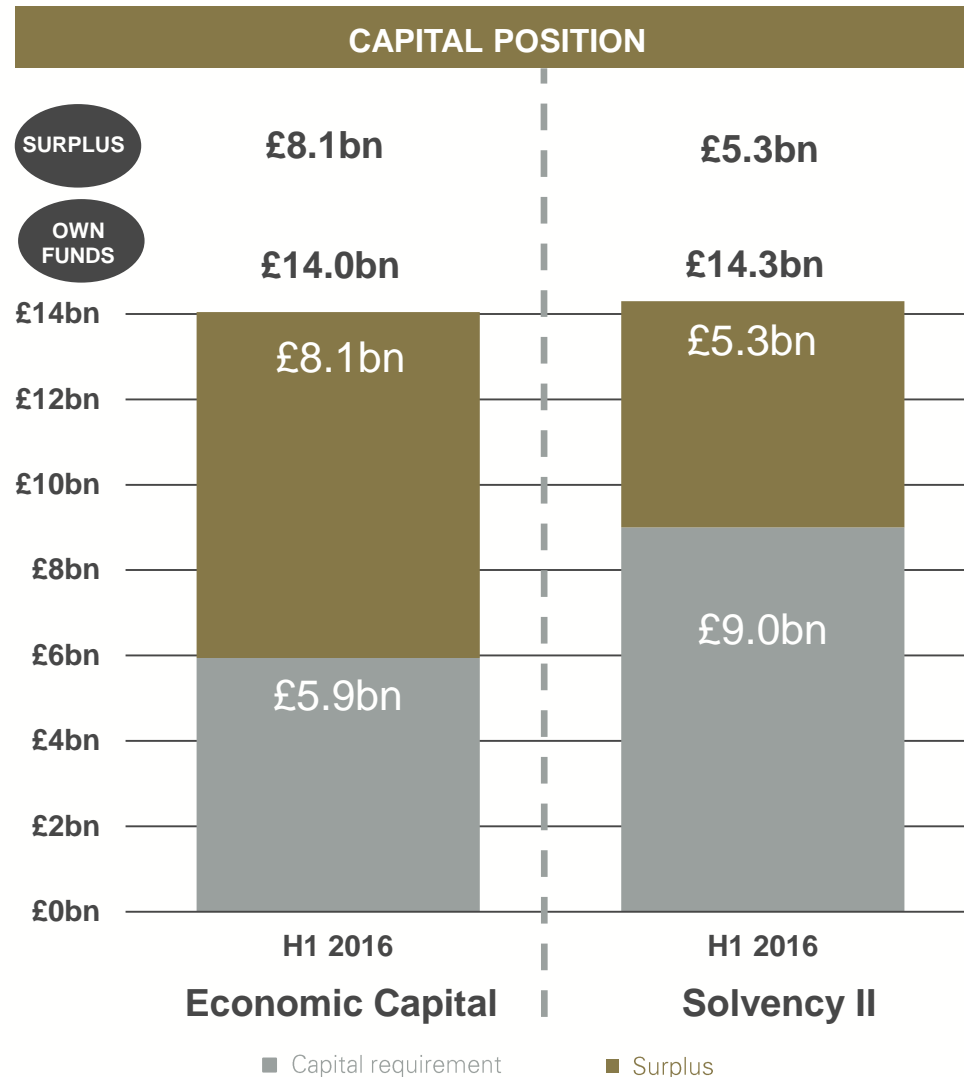


**First US DC mandate won in 2016**

**Opportunities in Japan, China & Australia**

- Auto-enrolment has been a huge success in the UK with 90% plus of employees choosing to stay in workplace schemes.
- Increase in DC savings driven by auto-enrolment, with 12 million individuals ultimately expected to be enrolled in workplace savings schemes, compared to c.5 million today.
- Currently we have 1.8 million customers, increasing to c.2 million customers by the end of 2016.
- Statutory minimum contribution rates will increase from 2% today to 5% in 2018 and up to 8% in 2019; likely to have to increase further to 12% e.g. Australia

# Strong balance sheet supporting returns and growth



- **Economic capital ratio 235%;**  
**Shareholder Solvency II ratio 163%**
- **81% of regulatory Own Funds are core tier 1**
- **£8.1bn Economic Capital surplus**
- **S&P credit rating AA-**
- **S&P assessment of Legal & General's 'Management and Governance' upgraded to strong**

Economic Capital is the amount of capital that the Board believes the Group needs to hold, over and above its liabilities, in order to meet the Group's strategic objectives.

Solvency II has elements which Legal & General considers to be inconsistent with the Group's definition of economic capital, so there will be differences between the two balance sheets.

## Legal & General equity narrative: investment case

- Global demographic and macro trends underpinning structural growth drivers for the business anchored by market leading positions in the UK and a fast growing US presence
- Unique market leading investment businesses with a strong, well-respected and trusted global brand delivering economically and socially useful solutions
- Strong operational and financial performance delivering double digit growth in EPS and DPS over the last five years
- Strong balance sheet (economic capital ratio of 235% and Solvency II shareholder ratio of 163%) supporting future growth opportunities
- Constant innovation plus decluttering through focus on low cost business model, disposals and closures drives continued high RoE – currently 18-20%

**Clear strategy and business model together with strong balance sheet to drive attractive earnings and cash growth throughout the cycle**



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## Forward looking statements

This document may contain certain forward-looking statements relating to Legal & General Group, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisition or combinations within relevant industries. As a result, Legal & General Group's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this announcement should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc. does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

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