

Aviva AGM

6 May 2021

Transcript of speech made by Amanda Blanc, Aviva plc Group CEO

AMANDA BLANC: Thank you very much George, and hello everyone. I'm delighted to have this chance to speak to you all this afternoon. It's only been ten months since I joined the business, but as I'm sure as you know a lot has gone on in that time and I want to be as clear as I can with you about what we have done, what we are doing and how we intend to take Aviva forward. Because this is as much your business as it is anyone else's and the backing of our shareholders and your belief in what we are doing is going to be vital to our success. I am acutely aware that Aviva has underwhelmed many of our shareholders for some time now, and I am very conscious of the expectations you have. I intend to meet those expectations and build a business that satisfies everyone, our customers, our people, and, of course, all of you. Now, being there for our customers when it matters, being with them today for a better tomorrow, is the whole reason that we exist. And I'm incredibly proud of how our people have stepped up and lived up to that purpose in the last 12 months. Despite all the difficulties, the stress, the uncertainty, having to juggle personal and work lives from home, our people have consistently gone way above and beyond. And they have continued to provide an excellent service to our customers, just when they needed us most. I want to take this moment to recognise that and to once again thank all my colleagues for what they've achieved in the most challenging of circumstances, it really is inspiring. And it fills me with optimism that the best is yet to come. Last year, when I became CEO, I set out three strategic priorities for the business, three areas we needed to deliver on. They were: Focus the portfolio, concentrating on our core markets where we have the scale and capability to win, financial strength, ensuring we have the strong foundations from which to build and grow this business and transforming performance, so that we can unlock our enormous potential and grow this business sustainably over the long-term. Moving at pace is a bit of a mantra for me, and I'm pleased to report we are making excellent progress on all fronts. We said we'd focus on our strongest businesses in the UK, Ireland and Canada, and manage our international businesses for long-term shareholder value. And that's exactly what we have done. In just eight months we have announced the sale of eight businesses, France, Singapore, Italy, Hong Kong, Indonesia, Vietnam, Turkey and Poland. That's strengthened our capital and our liquidity. And that's realising significant value for you, our shareholders. We said we would ensure we're financially strong and that is exactly what we are. We have a healthy capital surplus of £13 billion. Our cover ratio stands at over 200%. And we have over £4 billion of centre liquidity. We have accelerated debt reduction

plans and we will have redeemed £1.9 billion of debt by early June. As we complete on our disposals in the months ahead, our priorities for deploying excess capital continue to be reducing our debt, investing to grow our core businesses, and returning substantial capital to you, our shareholders. Speaking of which and turning to that all-important question of your dividend, in November, we set out our intent to deliver sustainable, ordinary dividend. In line with the new shape of the group, that dividend will be covered by capital generation, cash remittances and growth from our core businesses. And we intend to increase that dividend per share by low-to-mid-single digits over time, as we grow the business, improve efficiency and reduce debt. Our third strategic focus is to transform performance in our core business. We've made a good start and can report some decent early progress. Despite the challenges we all faced in 2020, our financial and trading performance was robust. We even had some record trading results in key growth areas. 8% year on year commercial lines growth. £6 billion of Bulk Purchase Annuity new business sales, representing a record for Aviva. £8.5 billion of savings and retirement net inflows. And we are ahead of our plans to deliver £300 million of cost savings by the end of 2022, with £180 million already achieved. So, we are on our way. But I want us to do more and move faster to create a real shift in the way we operate to serve our customers. Because those customers are why we exist. All 18 million of them across the UK, Ireland and Canada. Everything depends on our customers, and how we serve them. That's where success comes from. That's where the growth comes from. We need to build our business around each one of them, serving their needs seamlessly and efficiently, regardless of whether they are a business, an individual or an intermediary. And we want to serve more of those needs for more of our customers. So, we have articulated a big vision, we want to lead in all our markets, Canada, Ireland, and of course, the UK. In Ireland, where we have a strong market position, we are going to broaden our appetite in General Insurance, to bring more of what we do to more mid-to-large organisations, safely expanding to new speciality risks and make better use of digital to simplify customer experience. In our Irish Life business, we are investing in our distribution teams, automating more and more of our processes and ensuring stronger collaboration with the wider business so our customers in Ireland can benefit from more of the products and services Aviva has to offer. In Canada, where we have a strong foundation as a top three player, we will secure the growth we need by providing all of our customers with a greater consistency of experience, being easier to do business with, and providing them with an unmatched claims experience. We are very fortunate to have two strong businesses in Ireland and Canada, businesses that have a genuine claim to be leading in their local markets. But to give them the best chance of fulfilling that ambition, we have to have a leading position here, our home market in the UK. We've said we are going to be the UK's leading insurer, and the go-to customer brand in the country, for all of our customers' insurance, protection, savings and retirement needs, for

individuals, corporates and their respective intermediaries. Not just in one area, but all of them. Not just good, but the best. Here in the UK, in our home market, we have the unique position of being able to serve people across the whole of their lives. We are the only insurer who can be there from buying their first car, through to starting a family and the responsibilities that come with that, to saving for their future and making sure they have a comfortable income when they retire. We're already number one in General Insurance and Workplace Pensions. We're number two in Protection and Health, and a top three player across Annuities and Equity Release. And there's opportunities for growth in all of them. For example, one in four people in the UK are forecast to be over 65 by 2039, presenting a massive opportunity for our individual savings and retirement business. If we look at the Bulk Purchase Annuity market, current forecasts estimate £30-50 billion of flows per annum over the next decade. That's a tremendous opportunity for us to sustain the record volumes we have delivered in 2020 and to go further. In commercial lines we are witnessing one of the hardest rate markets in living memory. We have achieved good growth in 2020, but we can do more. We will be better at serving our customers, making it easier to do business with us by simplifying, automating and digitising the business. We will be better at engaging with customers and being clear about how we can support them. You will have seen we have launched a new brand campaign for the first time in years, helping our customers understand better who we really are, why we exist, and how we can be there for them throughout their lives. And we'll be better at presenting ourselves to our customers in a coherent and a consistent way, whatever they need, however they come to us. We've revamped our values and performance management to build a unified culture where everyone thinks, behaves and acts as one business, completely and relentlessly focused on serving those customer needs. I'm beginning to sound like a broken record, but I make no apology for that. Because, like I said, those customers are why we're here, it's pretty simple, if we can satisfy those customers' demands and needs, everything else will flow from that. And what they want and expect is not all that complicated when you boil it down. They want fair prices, a trusted brand that delivers on its promises, and, of course, excellent service. And they want all this from a company that will act in a sustainable and responsible way. We've been a recognised leader in so-called ESG issues, environment, social and governance for many years. But this year we've said we have to do more. As the UK's leading insurer, we have a responsibility to lead the way, in the face of the climate emergency. So, we are the first major insurer or bank in the UK to target carbon net zero by 2040. As George said, this is a key strategic issue for us as a company, as it should be for all companies. We cannot function if our society, economy and ultimately the planet, cannot function. We are not doing this just because it's the right thing to do, we are also doing it because it makes sound commercial sense. Our plan covers the carbon emissions we produce ourselves, it covers emissions contributed by our suppliers,

and it covers, as far as possible, the investments we make for our customers and our shareholders. Meeting these commitments will be hard but we cannot wait for everything to be neatly laid out before we move the organisation in the right direction. In this, just as in everything else, pace matters. It has been a busy few months, like I said. We have done a lot and in a few moments, you will see a short video picking out just some of this year's highlights. But I'm under no illusions, we are not done yet, not by a long way. I know you are expecting more. You're right to expect more. I expect more. I know you will be looking at us to produce sustained, tangible improvements in our financial performance. I know this and I'm convinced we have the right people, the right motivation and the necessary will to do just that. I know we've got what it takes. Thank you all for your continued support and thank you for listening.