



# **“The playwright and the economist”**

**Bank of America Merrill Lynch Conference**

**September 25, 2013**

**Mark Wilson, Group CEO, Aviva**

# Disclaimer

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For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s most recent Annual Report on Form 20-F as filed with the SEC. Aviva undertakes no obligation to update the forward looking statements in this announcement or any other forward-looking statements we may make. Forward-looking statements in this announcement are current only as of the date on which such statements are made.

# Investment Thesis – “Cash flow plus growth”

## Cash flow

1. Three core business lines with scale – Life, General Insurance and Aviva Investors
2. Progressive cash flow focus
3. Significant diversification benefits
4. Robust balance sheet with lower leverage
5. Financial simplicity

## Growth

1. Drive cash flow growth in our established markets
2. Opportunities in selected growth markets in Europe and Asia
3. Expense and significant efficiency opportunities
4. Upside from execution on turnaround businesses
5. Valuation upside from gradual UK & European recovery

	Cash flow	IFRS Op Profit	Expenses	VNB	COR
<b>Group</b>	●	●	●	●	●
<b>UK&amp;I Life</b>	●	●	●	●	-
<b>UK&amp;I General Insurance</b>	●	●	●	-	●
<b>France</b>	●	●	●	●	●
<b>Canada</b>	●	●	●	-	●
<b>Aviva Investors</b>	●	●	●	-	-
<b>Italy</b>	●	●	●	●	●
<b>Spain</b>	●	●	●	●	-
<b>Poland</b>	●	●	●	●	●
<b>Turkey</b>	●	●	●	●	●
<b>Asia</b>	●	●	●	●	●

### Key

● Critical
 ● Significant
 ● Important

# Why Aviva? Cash flow plus growth

- Turnaround story with a strong brand
- Established and reliable profit stream
- Balanced portfolio of businesses
- De-risked recovery play on Europe
- Attractive growth prospects in selected emerging markets

# Turnaround story with a strong brand



- **Largest** insurance company<sup>1</sup> in the UK
- Businesses in **selected international markets** including France, Canada, Poland and Singapore
- Established **317 years** ago
- 34 million customers
- The **world's largest bancassurer**, with 23% of our sales through this channel
- Number 1 **brand** in the UK for spontaneous awareness and consideration<sup>2</sup>
- Recent winner of 6 categories at the Financial Advisers Life and Pensions **Awards** 2013

1. Based on 2011 UK life and pensions sales (PVNBP) and general insurance GWP

2. Aviva global brand tracker

# Established and reliable profit stream

Example capital generation	£bn
Back book capital generation	1.1
New business strain	(0.3)
Surplus generation from future new business	0.2
GI and fund management capital generation	0.7
Management actions and other	0.1
<b>Baseline operating capital generation</b>	<b>1.8</b>

Back book capital generation	£bn
Year 1	1.2
Year 2	1.1
Year 3	1.1
Year 4	1.1
Year 5	1.1
Year 6	1.1
Year 7	1.0
Year 8	1.0
Year 9	1.0
Year 10	0.9

# Expense reductions on track

## Derivation of operating expense target

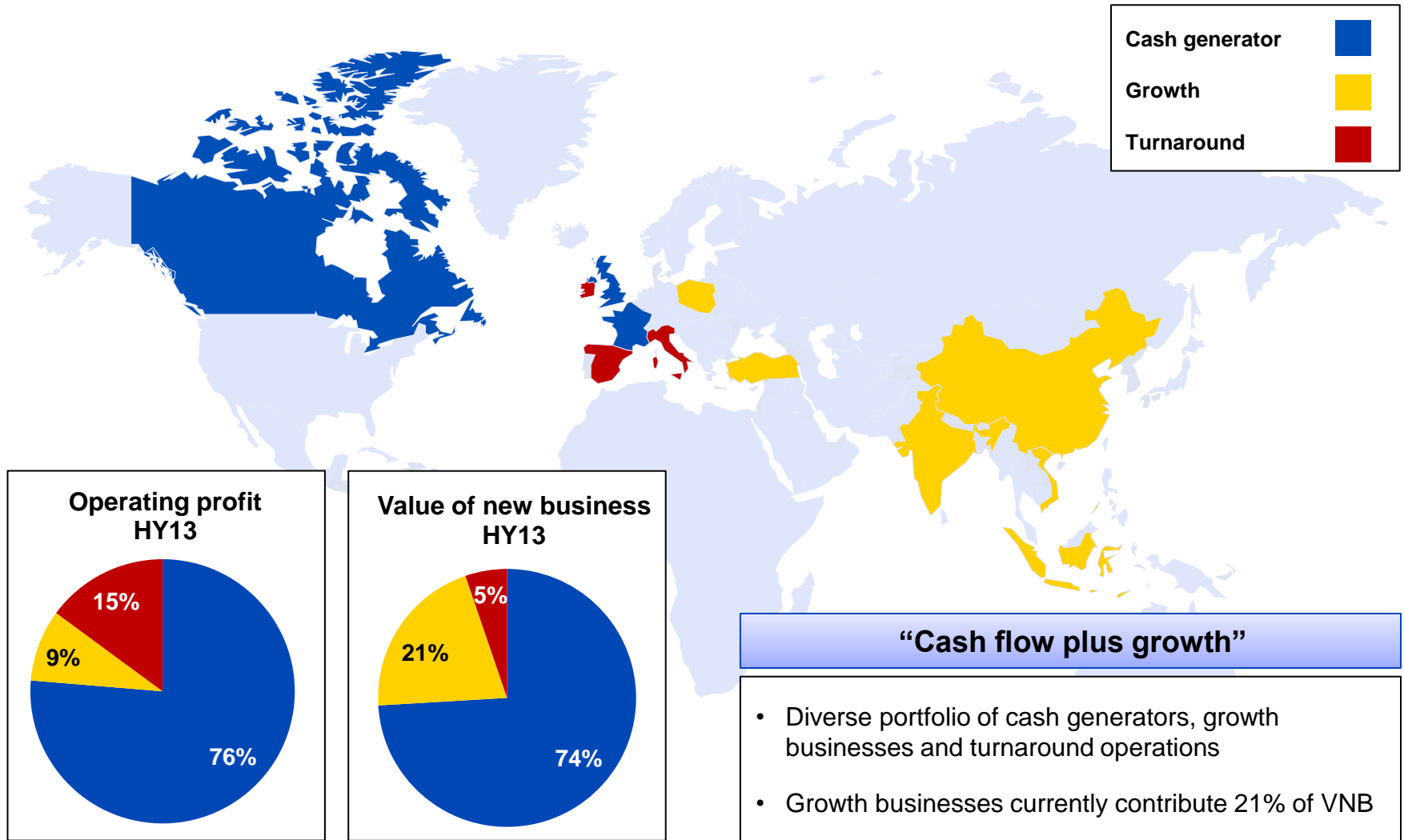
	£m
<b>Total 2011 operating cost base excluding restructuring costs</b>	<b>4,224</b>
Delta Lloyd	(362)
US	(313)
Other disposals and FX	(183)
<b>2011 like for like operating cost base</b>	<b>3,366</b>
Cost savings target	(400)
<b>Targeted 2014 operating cost base*</b>	<b>2,966</b>

- HY13 operating expenses 9% lower at £1,528m (HY12: £1,675m)
- Impact of inflation to be absorbed
- £400m will go to the P&L in 2014
- Further efficiencies to be reallocated to initiatives such as automation and digital
- Reducing restructuring costs for 2014 are a priority

Restructuring costs £m			
2010	2011	2012	HY13
216	261	461	164

\* Number will be adjusted for any subsequent disposals not already announced

# Geographic footprint - balanced exposure

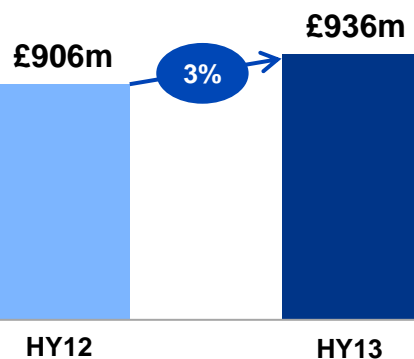




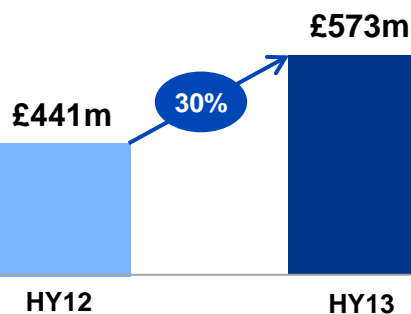
# 2013 interim results – satisfactory progress

## Cash flow

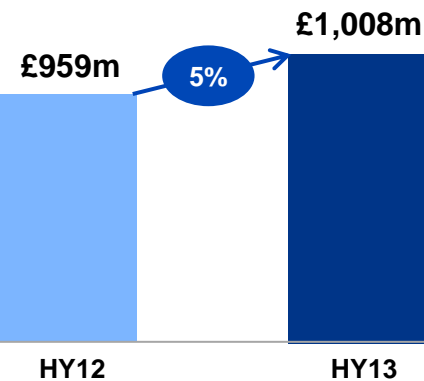
### Operating capital generation



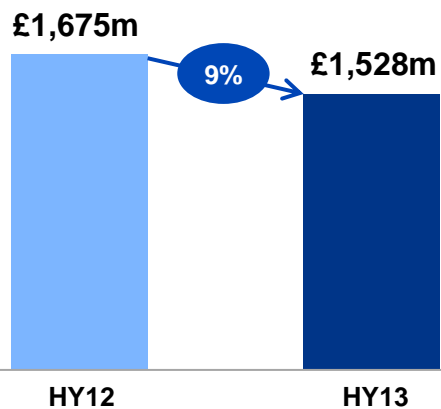
### Remittances to Group



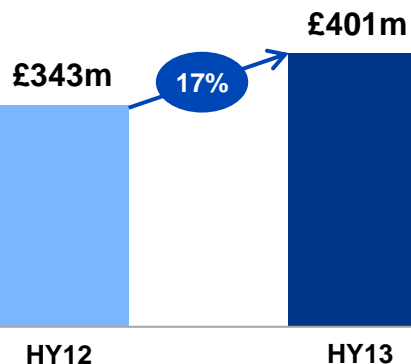
## Operating profit



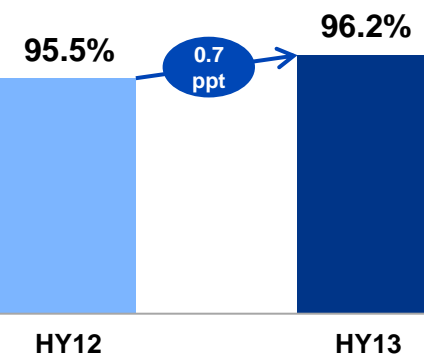
### Operating expenses



### Value of new business



### Combined operating ratio





**Q&A**

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