

# **Morgan Stanley 11th Annual European Financials Conference**

**Mark Wilson  
Group CEO**

**March 2015**

**AVIVA**

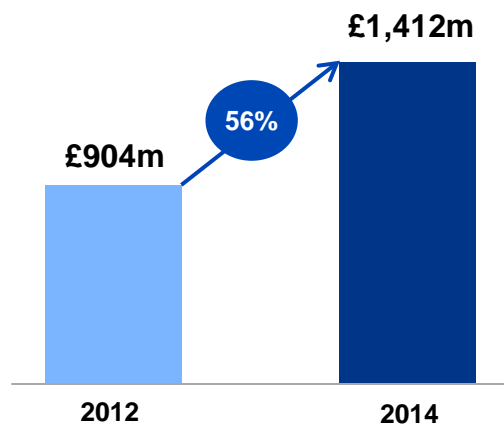
# Disclaimer

## Cautionary statements:

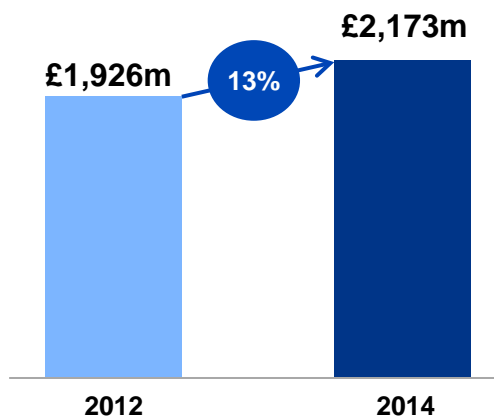
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For a more detailed description of these risks, uncertainties and other factors, please see Item 3d, “Risk Factors”, and Item 5, “Operating and Financial Review and Prospects” in Aviva’s most recent Annual Report on Form 20-F as filed with the SEC on 16 March 2015 (and also Part II (Risk Factors) of the prospectus published by Aviva on 19 January 2015 in relation to the proposed recommended all-share acquisition of Friends Life by Aviva). 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 presentation are current only as of the date on which such statements are made.

# Significant progress

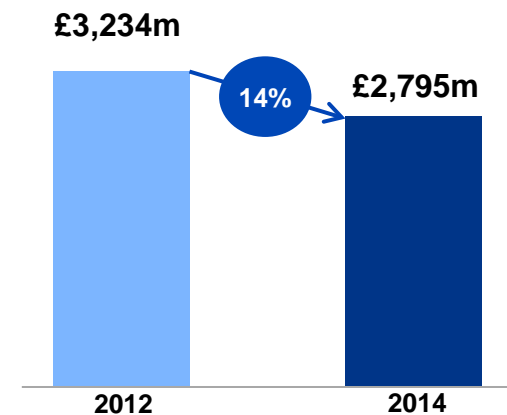
## Cash Remittances



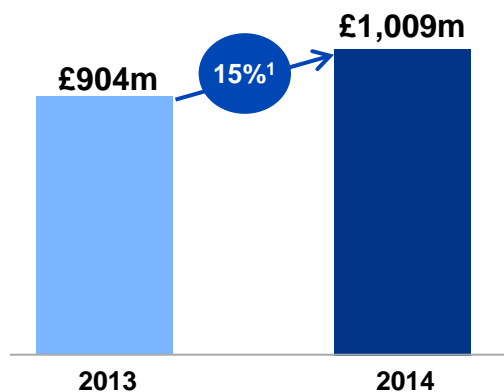
## Operating profit



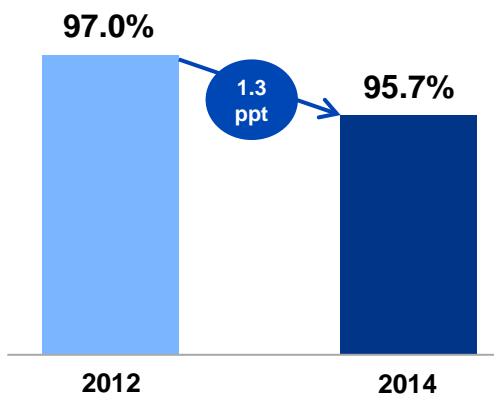
## Operating expenses



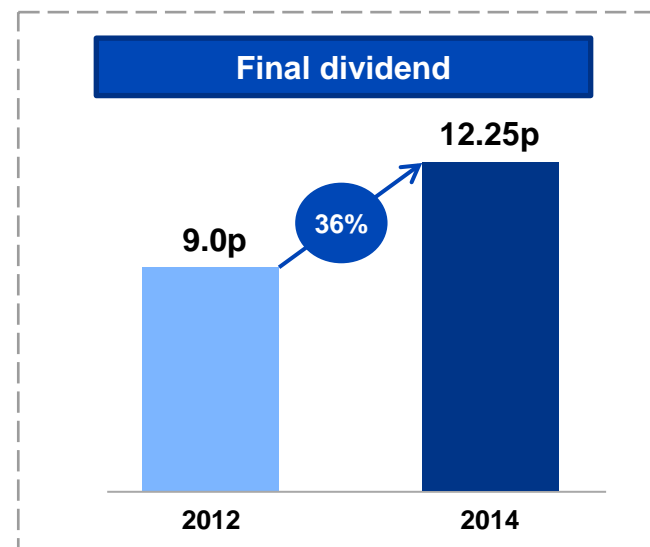
## Value of new business



## Combined operating ratio



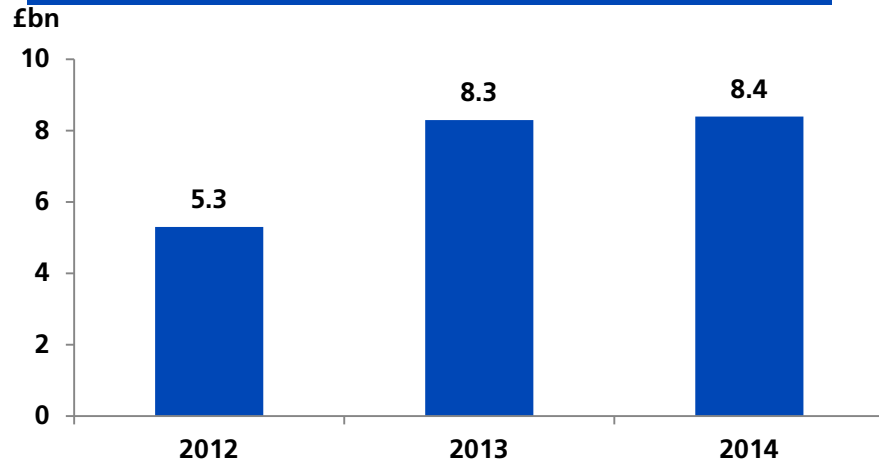
## Final dividend



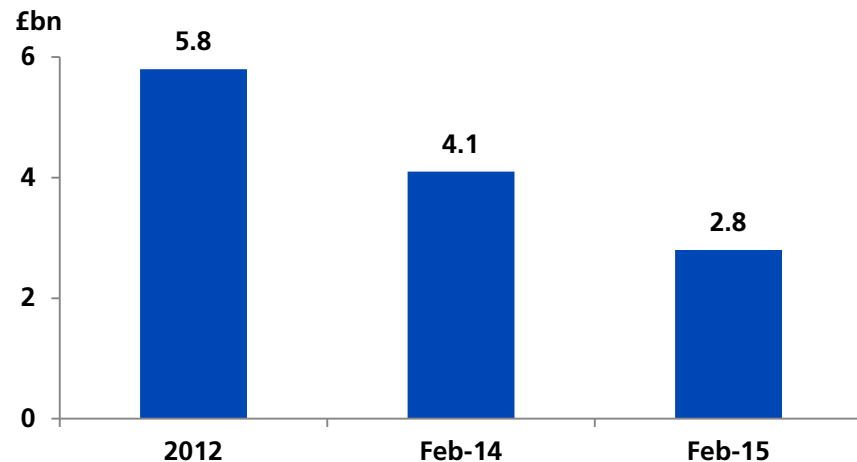
1. VNB growth is in constant currency.

# Balance sheet transformed

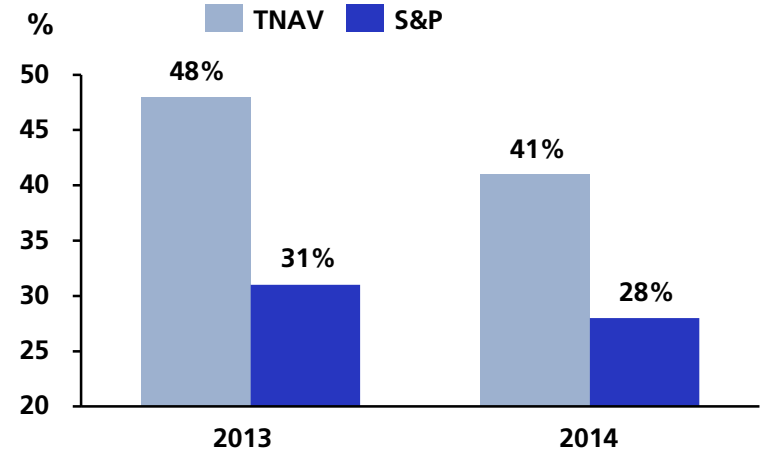
## Economic capital surplus<sup>1</sup>



## Inter-company loan



## External leverage ratio



- Economic capital surplus basis strengthened considerably since 2012
- External leverage ratio target below 40% on TNAV basis AA on preferred S&P basis
- Intercompany loan to be reduced to £2.2bn by end of 2015

Priority has been to reduce debt leverage and financing cost

1. The economic capital surplus represents an estimated unaudited position. The term 'economic capital' relates to Aviva's own internal assessment and capital management policies and does not imply capital as required by regulators or other third parties. The 2014 economic capital is before deduction of £0.4bn dividend declared in December 2014.





# Holding company excess cash flow has increased








Progress towards £0.8 billion target by 2016

# Acquisition of Friends Life – Financial and strategic rationale

## Financial

-  • **c.£0.6bn** incremental cash flow.
-  • Leverage consistent with **S&P AA rating** – no further need to de-lever
-  • **£225 million** of run rate synergies per annum expected by end of 2017
-  • **30% increase** in Aviva final dividend. Move to c.2x operating EPS<sup>1</sup> cover over the medium term

## Strategic

-  • Secures leading position in our home market
-  • Brings c.**5 million<sup>2</sup>** Friends Life customers to Aviva
-  • Adds significant scale and expertise to our **back book** initiative
-  • Adds up to c.**£70 billion** of funds for Aviva Investors
-  • Enables investment in **our growth businesses**

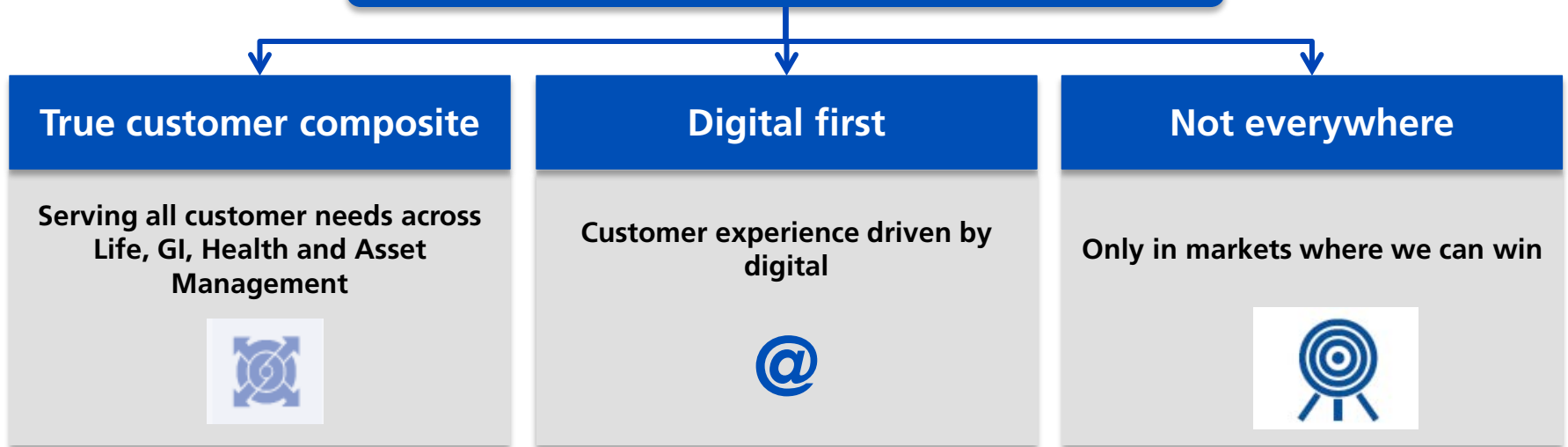
## Update: All regulatory approvals have now been received

- Integration planning well underway
- Management team announced on completion
- General Meeting 26<sup>th</sup> March
- Completion anticipated 13<sup>th</sup> April

1. Operating EPS on an IFRS basis  
2. Prior to de-duplication

# Our strategic anchor

## Our strategic anchor



## Supported by:



A focussed, clear, simple, differentiated business strategy

# Some digital expertise, acceleration needed

## Market leading digital offer in the UK



£1.3bn UK  
Digital Direct  
sales<sup>1</sup>



1.3 million  
MyAviva  
registrations



x3 conversion rate  
of health online



x2 conversion rate  
of protection online

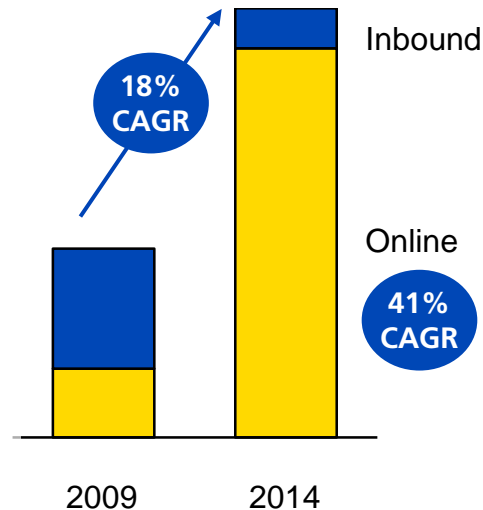


>50% of protection  
new business online

Market recognition



Personal motor new business



## Growing digital internationally



Turkey

Social media targeting  
young life customers



Italy

Launched telematics

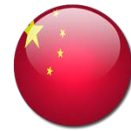


Canada

Integrated point of sale  
on tablet



Indonesia



China

Health & wellness platform  
with partner COFCO



- Integrate Friends Life
- Drive True Customer Composite throughout our business
- Grow digital and direct business
- Continue to improve efficiency
- Reallocate capital towards higher return or higher growth businesses
- Implement Solvency II

It would be wrong to assume our turnaround is nearing completion

# Q&A