

Investor update

Maurice Tulloch, CEO

Aviva plc

Disclaimer

Cautionary statements:

This should be read in conjunction with the documents distributed by Aviva plc (the “Company” or “Aviva”) through The Regulatory News Service (RNS). This presentation contains, and we may make other verbal or written “forward-looking statements” with respect to certain of Aviva’s plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives. Statements containing the words “believes”, “intends”, “expects”, “projects”, “plans”, “will,” “seeks”, “aims”, “may”, “could”, “outlook”, “likely”, “target”, “goal”, “guidance”, “trends”, “future”, “estimates”, “potential” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aviva believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the presentation include, but are not limited to: the impact of ongoing difficult conditions in the global financial markets and the economy generally; the impact of simplifying our operating structure and activities; the impact of various local and international political, regulatory and economic conditions; market developments and government actions (including those arising from the referendum on UK membership of the European Union); the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; changes in interest rates that may cause policyholders to surrender their contracts, reduce the value of our portfolio and impact our asset and liability matching; the impact of changes in short or long term inflation; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of options and guarantees embedded in some of our life insurance products and the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to initiate capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments; a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events on our business activities and results of operations; our reliance on information and technology and third-party service providers for our operations and systems; the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; increased competition in the UK and in other countries where we have significant operations; regulatory approval of extension of use of the Group’s internal model for calculation of regulatory capital under the European Union’s Solvency II rules; the impact of actual experience differing from estimates used in valuing and amortising deferred acquisition costs (“DAC”) and acquired value of in-force business (“AVIF”); the impact of recognising an impairment of our goodwill or intangibles with indefinite lives; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events (including cyber attack); risks associated with arrangements with third parties, including joint ventures; our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel; the effect of systems errors or regulatory changes on the calculation of unit prices or deduction of charges for our unit-linked products that may require retrospective compensation to our customers; the effect of fluctuations in share price as a result of general market conditions or otherwise; the effect of simplifying our operating structure and activities; the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation; changes in government regulations or tax laws in jurisdictions where we conduct business, including decreased demand for annuities in the UK due to proposed changes in UK law; the inability to protect our intellectual property; the effect of undisclosed liabilities, integration issues and other risks associated with our acquisitions; and the timing/regulatory approval impact, integration risk, and other uncertainties, such as non-realisation of expected benefits or diversion of management attention and other resources, relating to announced acquisitions and pending disposals and relating to future acquisitions, combinations or disposals within relevant industries; the policies, decisions and actions of government or regulatory authorities in the UK, the EU, the US or elsewhere, including the implementation of key legislation and regulation. For a more detailed description of these risks, uncertainties and other factors, please see ‘Other information – Shareholder Information – Risks relating to our business’ in Aviva’s most recent Annual Report. Aviva undertakes no obligation to update the forward looking statements in this presentation 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.

Plan of action

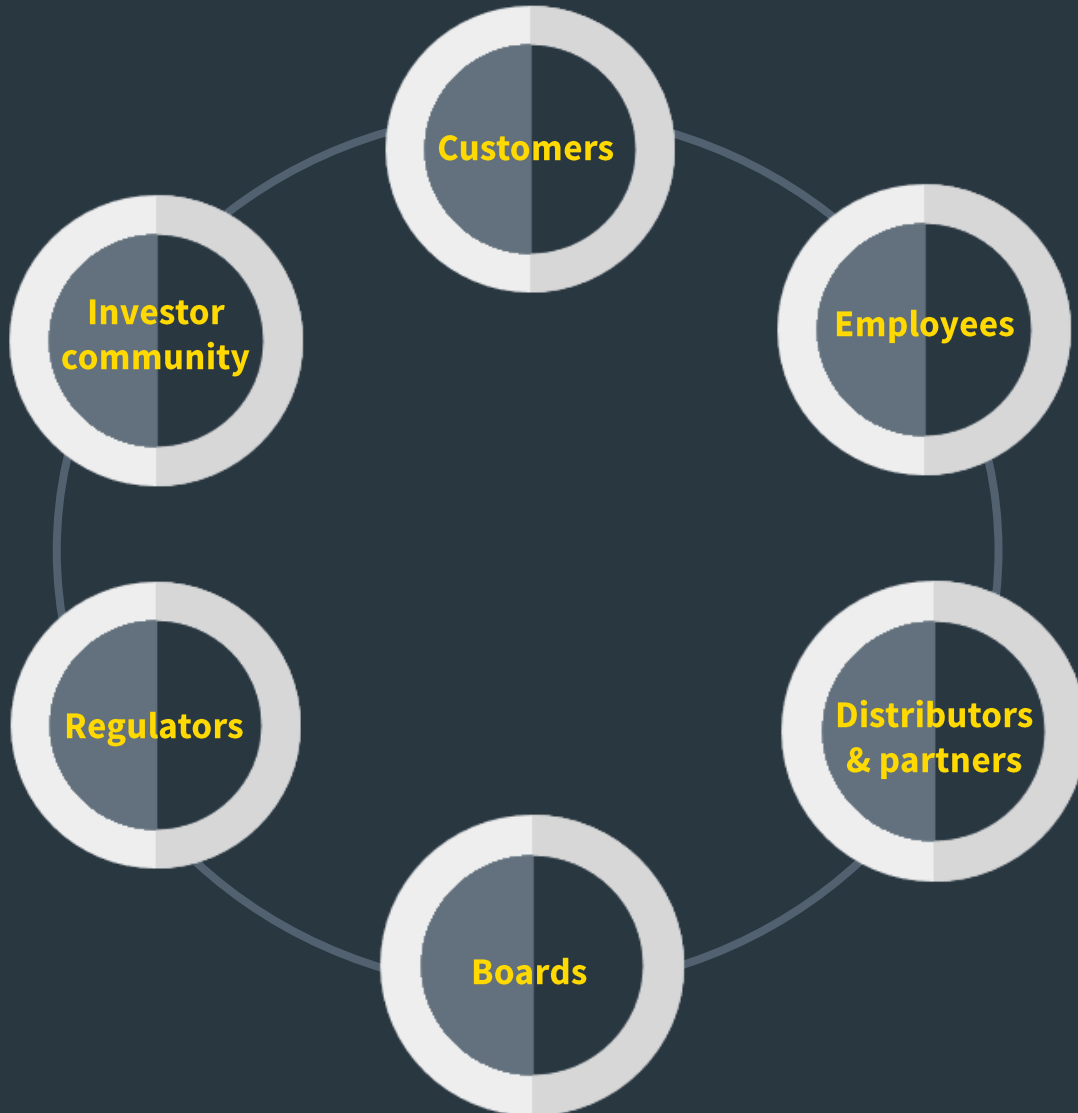
Today

- Complexity
- Efficiency
- Financials

For 20th November

- Strategic direction
- Execution plan
- Targets

My first 90 days



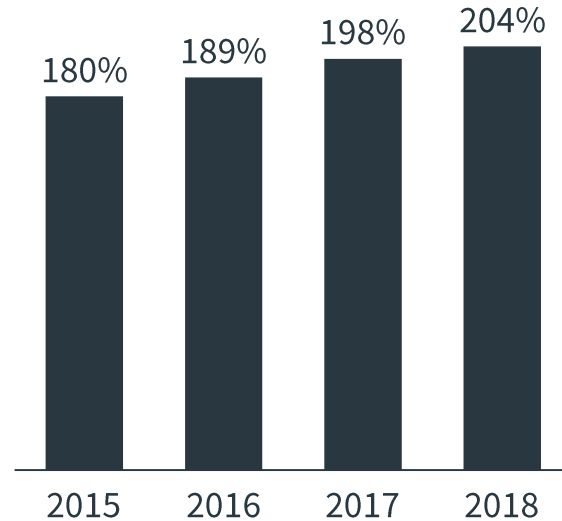
Feedback from our stakeholders

- **Customers** – mostly a positive experience but some journeys can be difficult
- **Investors** – clarify strategy, address leverage, dividend outlook and earnings quality
- **Employees** – great people, but bureaucracy and structural complexity hold us back
- **Distributors & partners** – strong relationships and ready to do more business with Aviva

Aviva has attractive foundations

Robust capital, cash and asset quality

Solvency II cover ratio



We have focused and strengthened



Our markets

2011

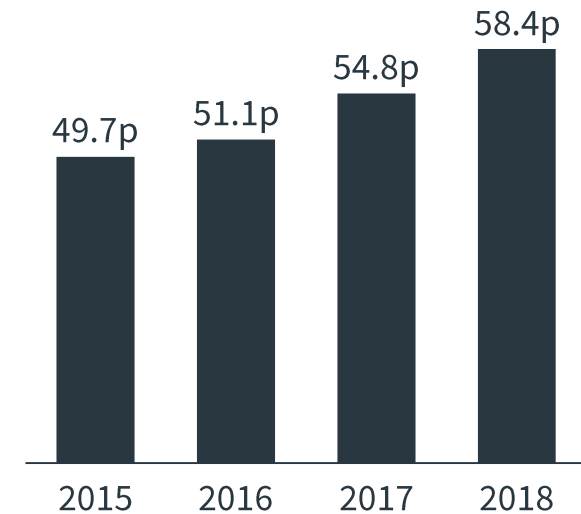
28

2019

14

Improving performance

Operating earnings per share



Strong franchises with great potential

UK Life

- Leading insurer with 17% share
- #1 in workplace pensions
- Capturing DB assets in motion

General Insurance

- Expand SME and commercial lines
- Canada recovery on track
- Consistent COR

Europe

- Growing multi-channel distribution
- Pension reform in France
- Product innovation

Aviva Investors

- Real assets origination
- Grow 3rd party franchise internationally
- Savings and retirement solutions

Asia

- Leading player in fast growing Singapore FA channel
- China profitable and growing
- Indonesia and Vietnam turn profitable in 2020

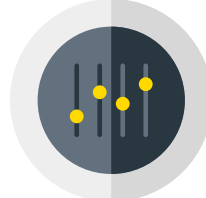
What can we improve to capture opportunities?

Complexity



- Management structure
- Organisational design
- Business and portfolio

Efficiency



- Lack expense discipline
- Return on investment focus
- Resourcing model

Financials

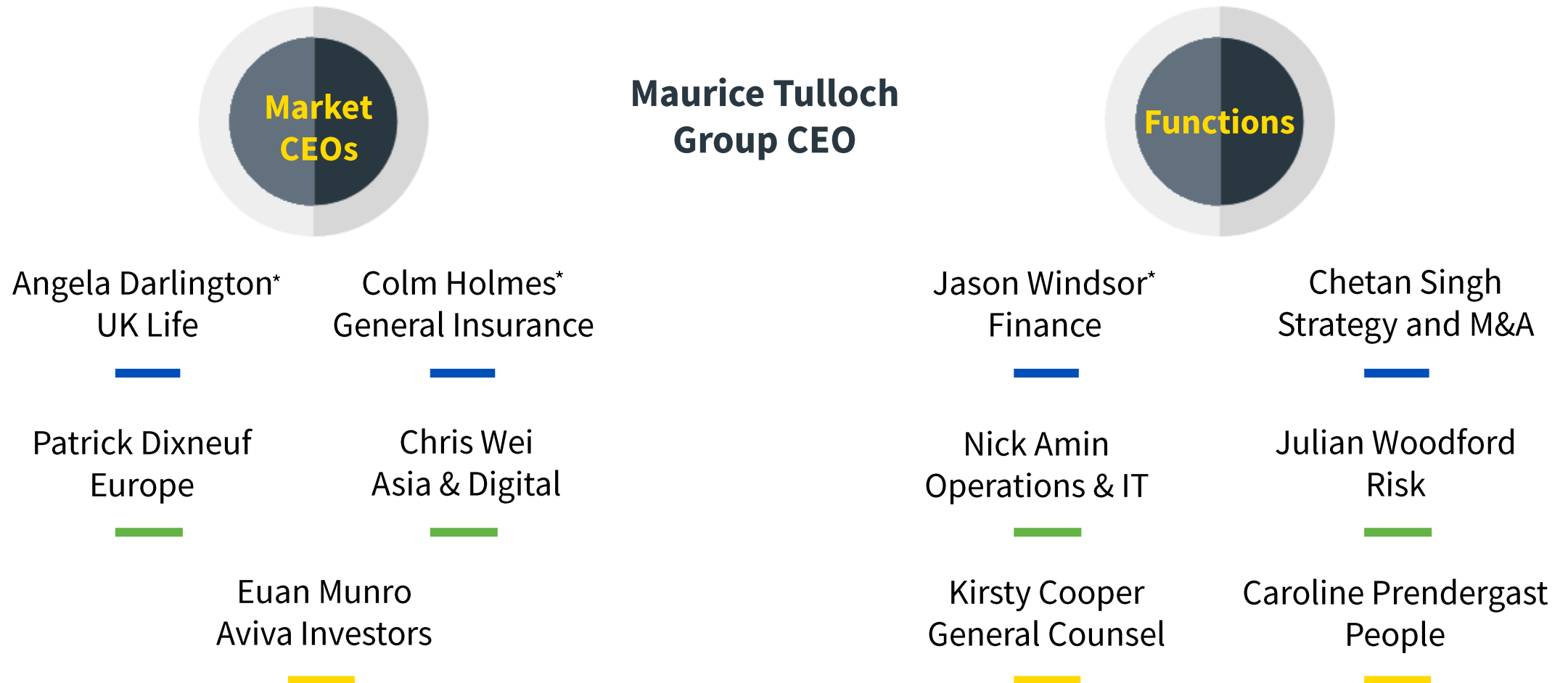


- Leverage versus peers
- Capital generation
- Growth and margins



Focus on
fundamentals

The Aviva leadership team



Simpler structure with clear accountability



What does this mean in practice?

- Clear definition of roles
- Remove duplication
- Empower business leaders
- Stronger customer focus
- Clear accountability for results

UK Life and GI under separate leadership

UKI structure – what worked and what didn't?

- ✓ Improved co-ordination of customer teams across products leading to strong new business wins, particularly in corporate

However

- ✗ Introduced more complexity in organisational design and management structure
- ✗ Did not deliver expected efficiency benefits

Why are we returning to separate UK leadership?

- Improved focus on competitiveness and performance
- Reduces management and governance complexity
- Aligns digital trading to the businesses
- No change in legal entity structure or capital impacts

Previous structure



New structure



Digital – a change in emphasis, not commitment

2015-2018

Developing UK direct to consumer digital business, and core digital and data infrastructure



- Grown UK digital direct business from 3.2m to 5.3m customers
- Innovative propositions: AvivaPlus, MyAviva & MyPension
- Built single customer view and established Quantum to leverage data for trading, pricing and underwriting

2019 onwards

Deepening digitisation across channels and markets

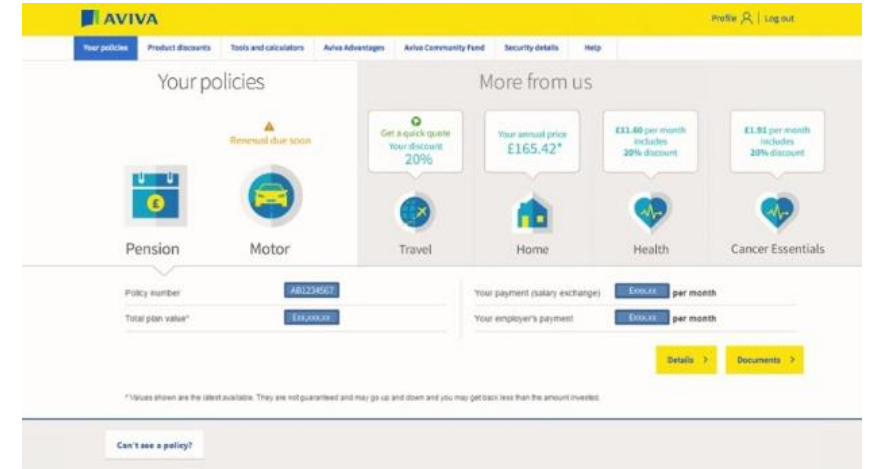


- Integrate digital direct channel within UKGI
- Deepen digitisation to enhance customer experience and efficiency across Broker, Partnership and Corporate
- Enhanced focus on commercial outcomes

Digital – how we serve customers in the UK

Maintaining our holistic approach to customer service

- Customers: 4.0m UK digital direct and 1.3m QMH
- MyAviva remains a single point of service, providing customers with convenience and a great user experience
- MyAviva “skins” to be rolled out in D2B2C and partner channels, broadening its customer reach
- Aviva Plus: recently launched proposition recognising loyalty



Digital Insurer of the year



Best Digital Customer Experience

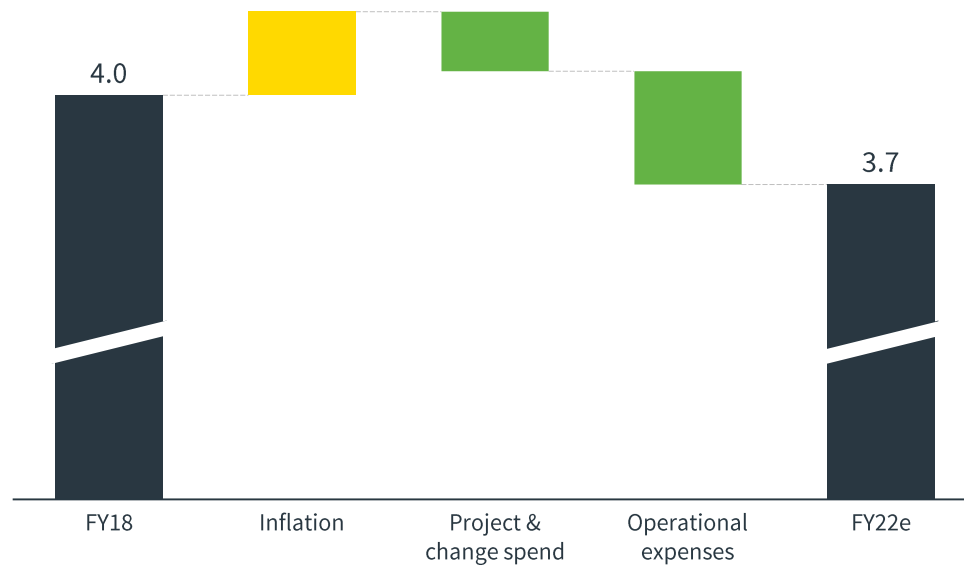


Innovation Award (Technology)

A renewed focus on efficiency is necessary


Targeting £300m run rate reduction by 2022*

Expense base
£bn
Not to scale



Introducing an efficiency focused cost culture

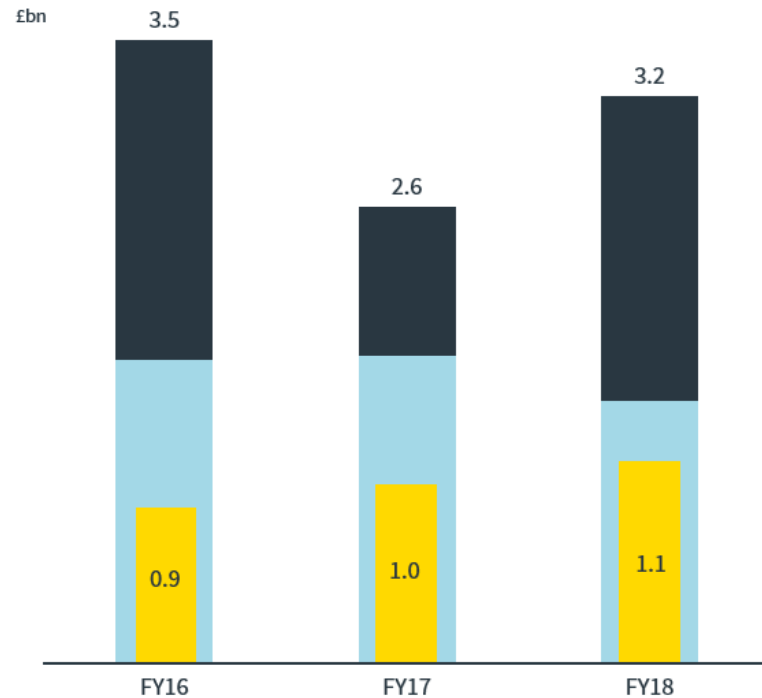
- Lean centre and simpler structure reduce complexity
- Investment in the businesses to continue but with higher returns for projects with clear ownership to improve productivity
- c1.8k role reductions over 2019-21
- Digitise value chain, benefiting from innovation and technology
- Cost target net of inflation and at constant FX
- Cost to achieve savings expected to be c£300m over 2019-21



Reaffirming key
financial messages

Capital generation supports dividend sustainability

Operating capital generation



Underlying OCG Other capital actions Ordinary dividend

Growth in OCG enables growth in the dividend

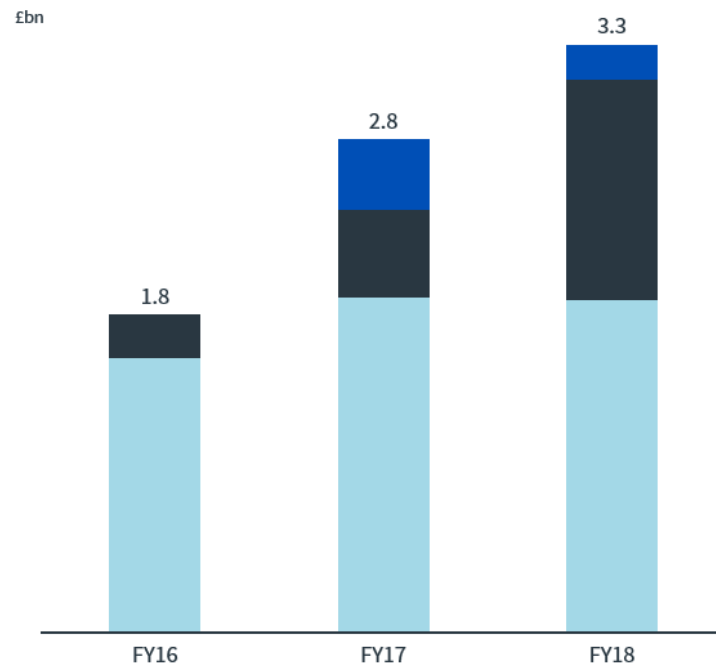
- Group SII OCG comfortably covered a growing dividend over 2016-18 while also enabling £2.3bn capital returns in 2017-18
- The dividend remains paramount, with growth in OCG over the long term being the key driver in growing the dividend
- There will continue to be timing differences between capital generation and cash-flows but OCG remains a good leading indicator for cash

Levers to grow OCG going forward

- Underlying OCG will benefit from:
 - BU growth, Canadian recovery and optimised fundamentals
 - Reducing operational expenses and interest costs
 - Disciplined approach on project expenditure leading to higher returns
- Other capital actions likely to continue, albeit on a smaller scale

Cash inflows to Centre fund dividends and deleveraging

£7.9bn cash inflows to Centre over 2016-18



Aviva Spain sale proceeds Underlying BU cash remittances
BU cash "specials"

2019-21 outlook for cash inflows to Centre comparable to 2016-18

Funding:

- Progressive dividend policy: maintain or grow the dividend over time
- Debt deleveraging: plan to reduce debt by at least £1.5bn by 2022
- Interest and Centre costs

Managing run rate of cash to support a sustainable and growing dividend

- Cash-flows are managed depending on Centre cash needs, external market conditions and local growth opportunities
- Strong centre liquidity provides resilience to short-term variations

2019 operating trends

YTD underlying trends broadly consistent with 2018

- Continued growth momentum in Europe and Asia
- Canada recovery progressing, on track to achieve underwriting profitability in 2019
- Lower BPA sales to date compared to 1H18 record levels, with pipeline giving confidence for FY growth
- Challenging Individual Protection trends from 2H18 continue in 1H19
- Revenue in savings challenged by lower markets at the beginning of 2019, with Aviva Investors maintaining investment in capabilities

CMI 18 confirms slowing longevity improvement trend

- Work to be completed in 2H19. As a result, 1H19 not expected to include benefit from UK Life longevity

Strong cash remittances including specials, albeit lower than FY18 record levels of £3.1bn

Reiterating our progressive dividend policy and our £1.5 billion debt reduction target

Today's key messages

Aviva has strong foundations

- Well positioned franchises with profitable growth potential
- Strong underwriting, distribution and investment fundamentals
- Robust capital, cash and asset quality

With opportunities to improve performance

- A simpler, more effective operating structure with lean group centre
- Targeting £300m run rate reduction in costs by 2022 with continued investment in growth
- Increased commerciality and discipline

And provide better shareholder returns

- Reaffirming dividend policy and debt reduction target
- Focus on improving run-rate of OCG and cash-flow
- Trading trends consistent with 2018

Q&A
