

 Phoenix

# Capital Markets Event 2022

Delivering sustainable  
organic growth

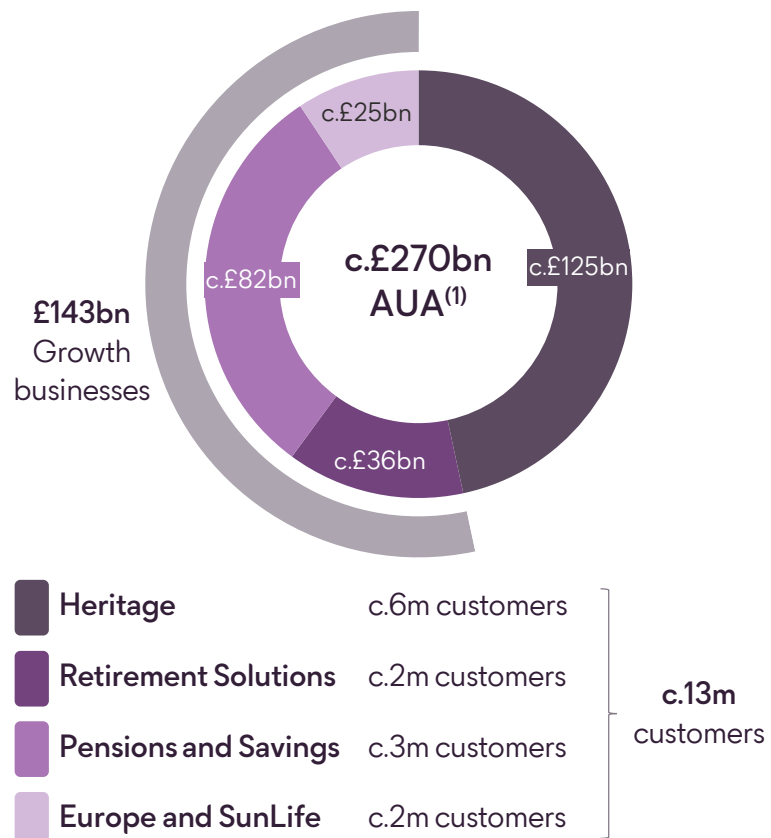
6 December 2022

Phoenix Group Holdings plc



# Phoenix Group is the UK's largest long-term savings and retirement business

We have scale businesses across the long-term savings and retirement market



See Appendix 1 for footnotes

We offer a compelling equity story through our clear financial framework...



...with another year of strong delivery in 2022

- ✓ On track to meet top end of £1.3-1.4bn cash generation target range for 2022
- ✓ Limited impact on Solvency II capital position from change in economic conditions in H2, broadly in line with published sensitivities
- ✓ c.£1.2bn of incremental new business long-term cash generation in 2022 and the cash-funded acquisition of Sun Life of Canada UK

# Agenda for today

Strategic Overview

Andy Briggs | Group Chief Executive Officer, Phoenix Group

Organic Growth Overview

Andy Curran | Chief Executive Officer, Standard Life

Retirement Solutions

Tom Ground | Managing Director, Retirement Solutions

Pensions and Savings

Colin Williams | Managing Director, Pensions and Savings

Summary

Andy Briggs | Group Chief Executive Officer, Phoenix Group

Q&A

All

# Key messages for today

1 We are 'helping people secure a life of possibilities' through our clear and differentiated strategy

2 We have significant growth opportunities from meeting more of the evolving needs of our existing customers across their lifecycle and through acquiring new customers

3 The scale of our in-force business brings three competitive advantages: capital efficiency, customer access and cost efficiency

4 We have invested in building our capabilities and are confident of growing incremental new business long-term cash generation to c.£1.5 billion per annum by 2025, a c.25% increase on 2022

5 Phoenix is a growing business that offers a resilient dividend that is sustainable and grows over time

# Strategic Overview

Andy Briggs

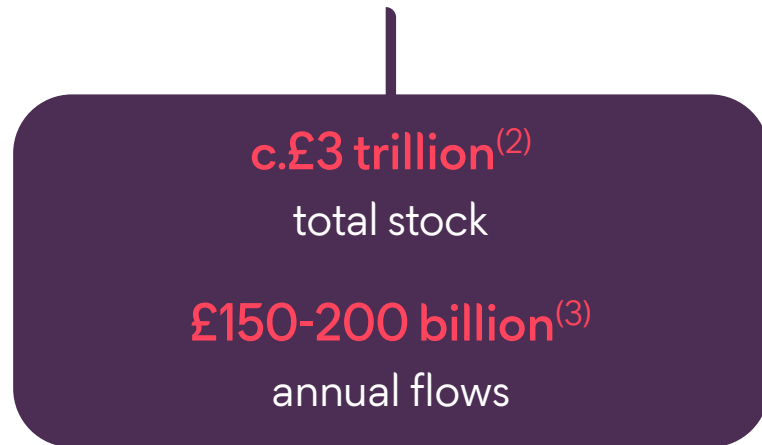
Group Chief Executive Officer, Phoenix Group

# The UK long-term savings and retirement market is attractive

The market is large and growing...

...and there is an opportunity to help more customers in planning for retirement

The long-term savings and retirement market...



...represents a structural growth opportunity for Phoenix Group



**Only c.10%** of individuals take advice on their journey to and through retirement<sup>(4)</sup>

**Only c.14%** of defined contribution savers are on track for a retirement income that maintains their current living standards<sup>(5)</sup>

**c.78%** of people are looking for income certainty in retirement<sup>(6)</sup>

See Appendix 1 for footnotes

# Our purpose of 'helping people secure a life of possibilities' drives all that we do

## Colleagues

The best people with differentiated capabilities, diverse and highly engaged

## Investors

Allocate resources to the most attractive opportunities, where we have competitive strengths, with clear performance hurdles



## Customers

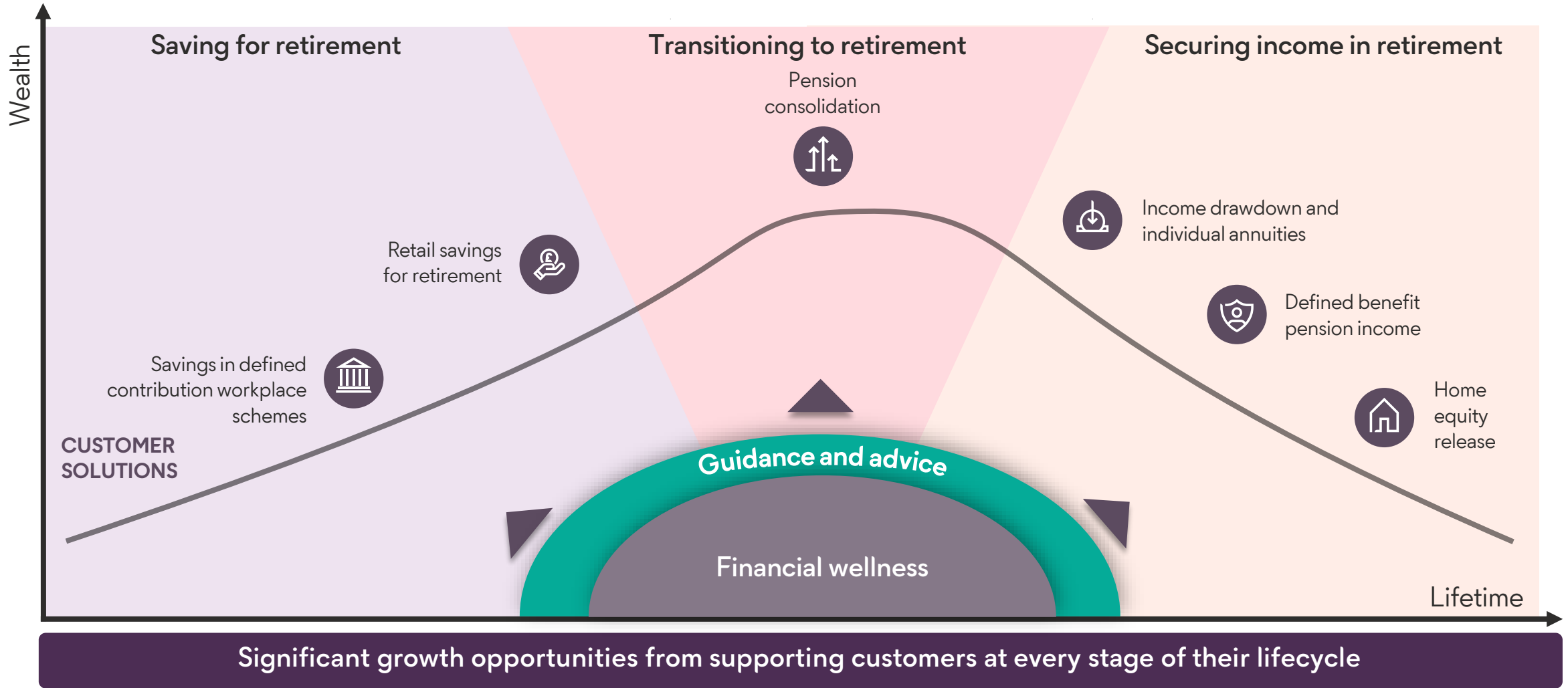
Customer obsessed, focused on the outcomes that matter most to our c.13m customers

## Wider society

Delivering better outcomes for all of our stakeholders, with sustainability embedded across our business activities

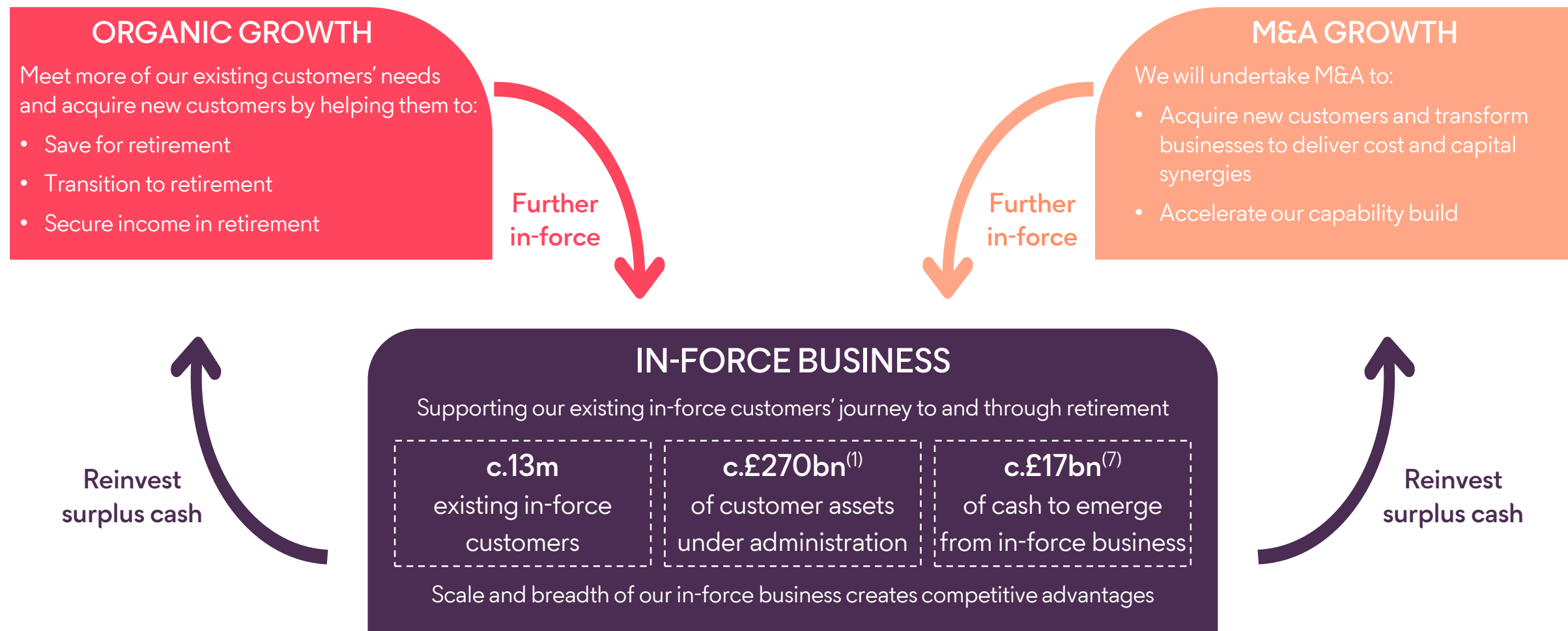
**Our ambition is to grow a strong and sustainable business, while delivering our purpose by helping more people on their journey to and through retirement**

# We will help customers journey to and through retirement by meeting their needs





# Our strategy drives growth by meeting more of the evolving needs of our existing customers and acquiring new customers



See Appendix 1 for footnotes

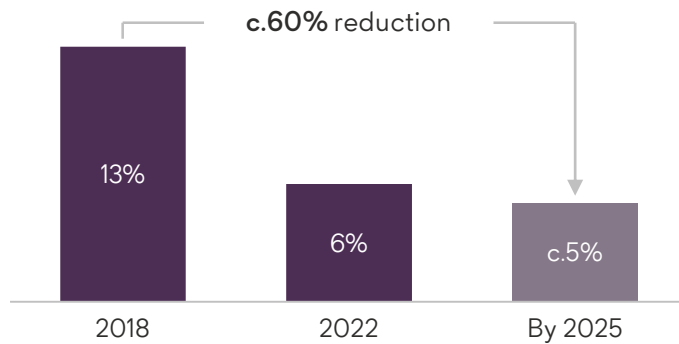
# Our scale in-force business provides us with three unique competitive advantages



## Capital efficiency

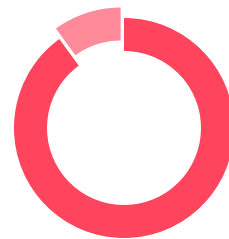
- ✓ Diversification of risk
- ✓ Highly resilient
- ✓ Single internal model

BPA capital strain evolution



## Customer access

- ✓ c.13 million existing customers
- ✓ Deep customer insight
- ✓ Excellent customer service



>90% of current Workplace LTCG growth is from our existing customers

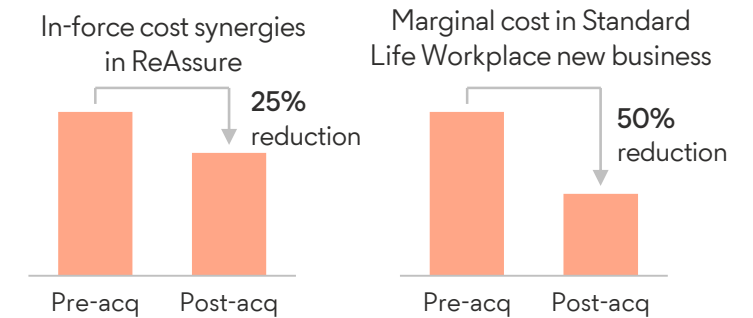
1-in-5 UK adults are a Phoenix customer



## Cost efficiency

- ✓ Market-leading administration & IT
- ✓ Simple operating model
- ✓ Market-leading operating costs

Average per policy savings



# Our strategic priorities enhance our competitive advantages and enable us to help people secure a life of possibilities



## Optimise our in-force business

Leveraging our scale in-force business to deliver capital efficiency and returns

- ✓ Delivering ongoing management actions
- ✓ Maintaining our comprehensive risk management approach
- ✓ Enhancing our differentiated asset management model
- ✓ Investing in a sustainable future



## Grow organically and through M&A

Meeting more of our existing customers' needs and acquiring new customers

- ✓ Developing innovative retirement income solutions
- ✓ Enhancing our Workplace proposition and developing our Retail channels
- ✓ Executing M&A
- ✓ Engaging people in better financial futures



## Enhance our operating model and culture

Delivering leading cost efficiency and a modern organisation

- ✓ Completing our migrations including Standard Life to the TCS platform
- ✓ Driving simplification to a "single best way of doing things"
- ✓ Attracting, developing and retaining the best talent, and building our culture
- ✓ Being a leading responsible business

Addressing climate change and supporting nature and bio-diversity



Informed by, and in support of, our key ESG themes



Promoting financial wellness and the role of good work and skills

# Phoenix Group delivers cash and resilience, and is growing its in-force cash generation

**Cash**  
In-force business covers our dividend over very long term



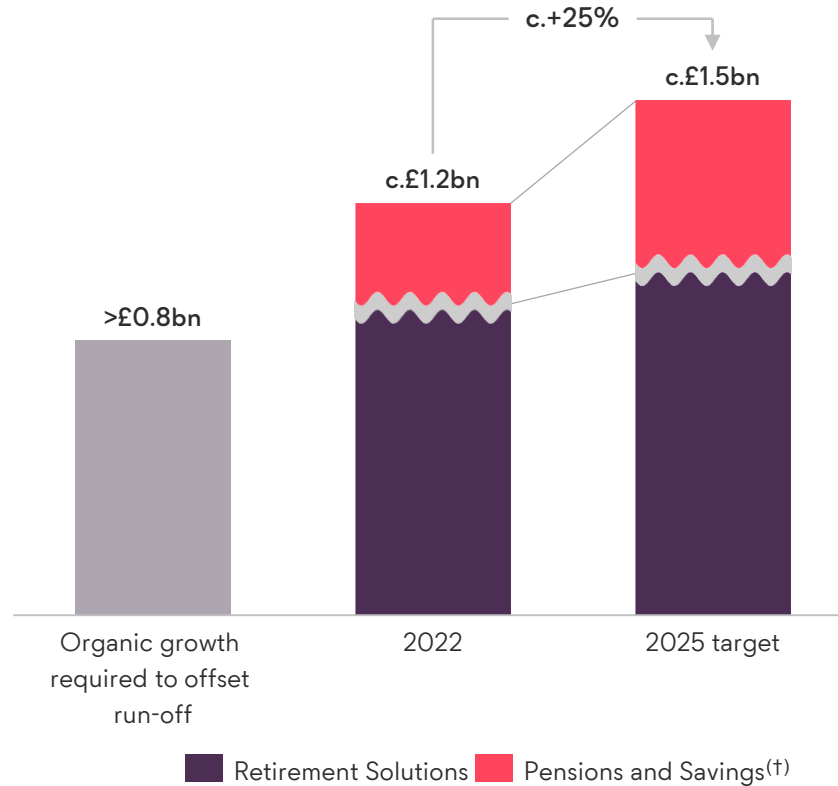
**Resilience**  
Highly resilient capital position



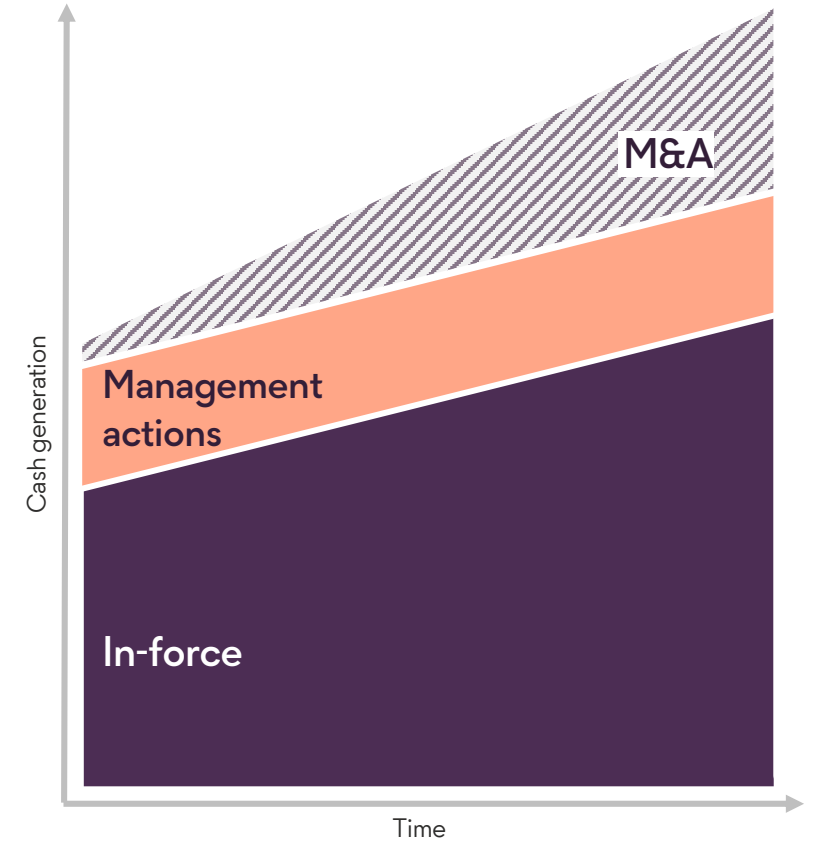
**Growth**  
Growing organically and through M&A

We have set our first organic growth target...

Annual incremental new business long-term cash generation



...to support growth in our in-force cash generation



<sup>(†)</sup> Includes Europe and SunLife

# Organic Growth Overview

Andy Curran

Chief Executive Officer, Standard Life

# Key messages for today

1 Our growth opportunities align to the largest stocks and flows in the market

2 We will combine Phoenix Group's competitive advantages with Standard Life's strengths to grow organically

3 We have already made significant progress in building our businesses and have a clear strategy for the future

4 We are confident of growing incremental new business long-term cash generation to c.£1.5 billion p.a. by 2025

# We have a complementary portfolio of businesses that underpin our organic growth

## Savings and Retirement Andy Curran – CEO, Standard Life

Retirement  
Solutions  
Tom Ground - MD

Pensions and  
Savings  
Colin Williams - MD

Standard Life  
Intl. (Europe)  
Nigel Dunne -  
CEO

SunLife  
Mark Screeton -  
CEO

Defined Benefit  
Solutions

Retirement  
Income

Mortgage  
Solutions

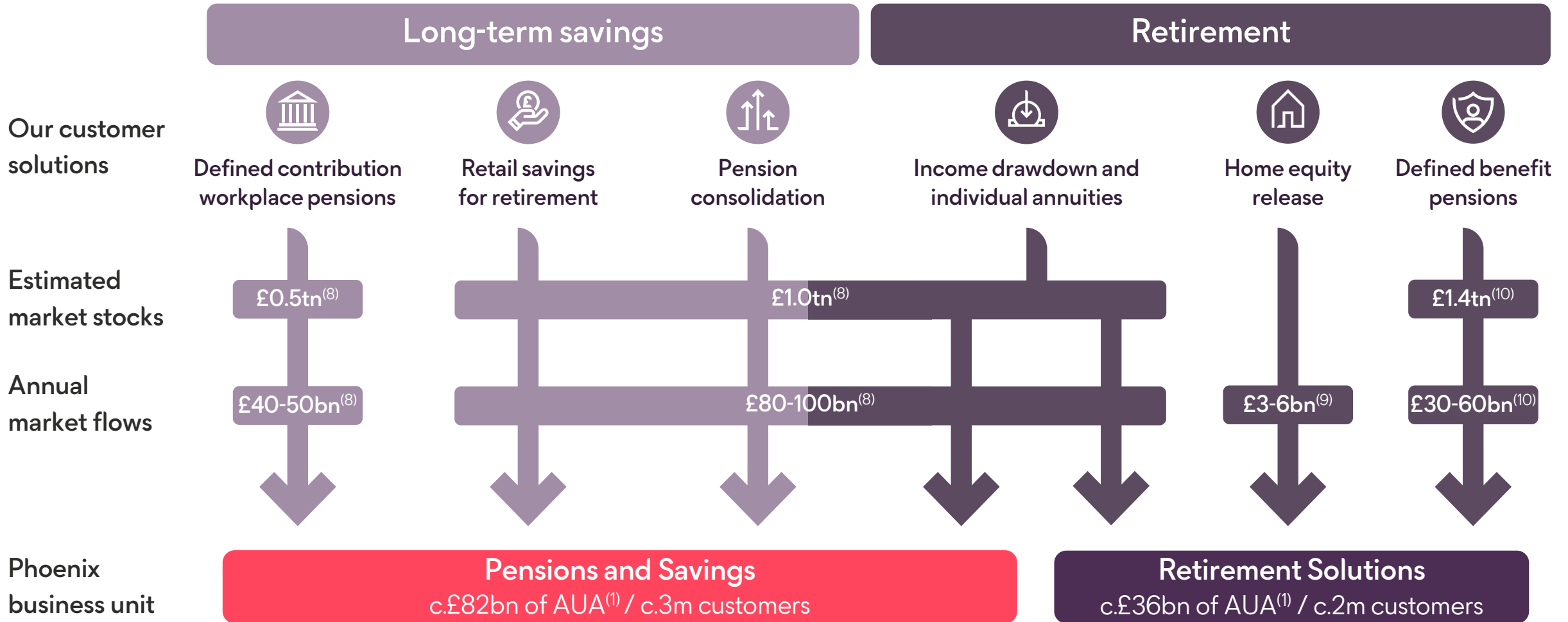
Workplace

Retail Direct

Retail  
Intermediated

Focus areas today

# Our growth opportunities align to the largest stocks and flows in the market, where we already have scale businesses



See Appendix 1 for footnotes

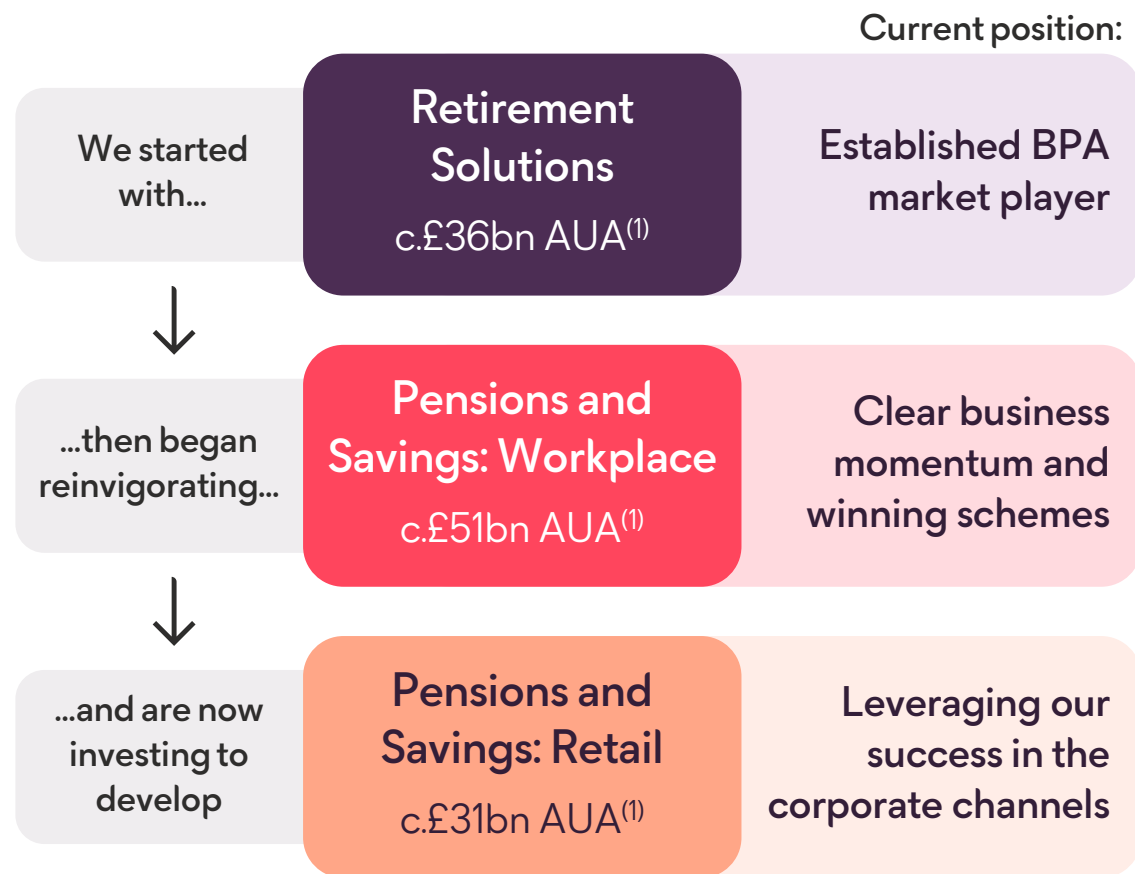


# Phoenix Group's competitive advantages are combined with Standard Life's strengths

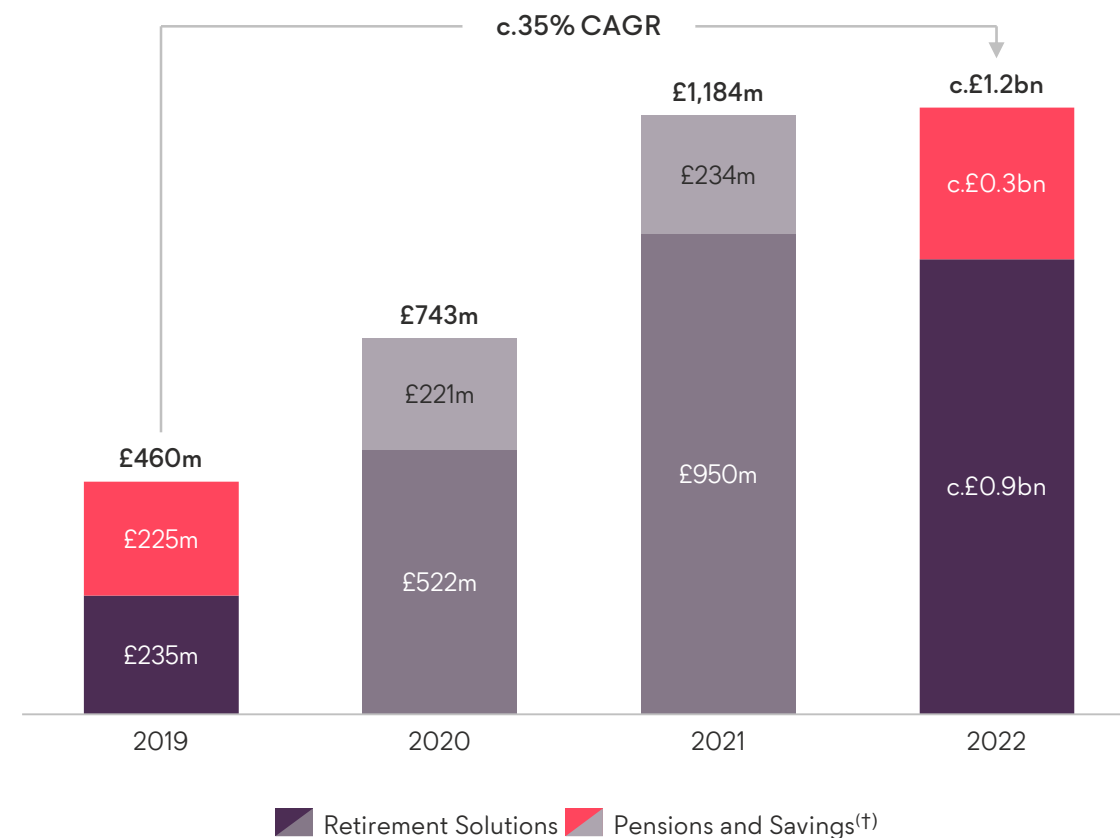


# We are building market leading businesses and have grown incremental new business long-term cash generation by c.35% CAGR since 2019

We have built our businesses in a logical order...



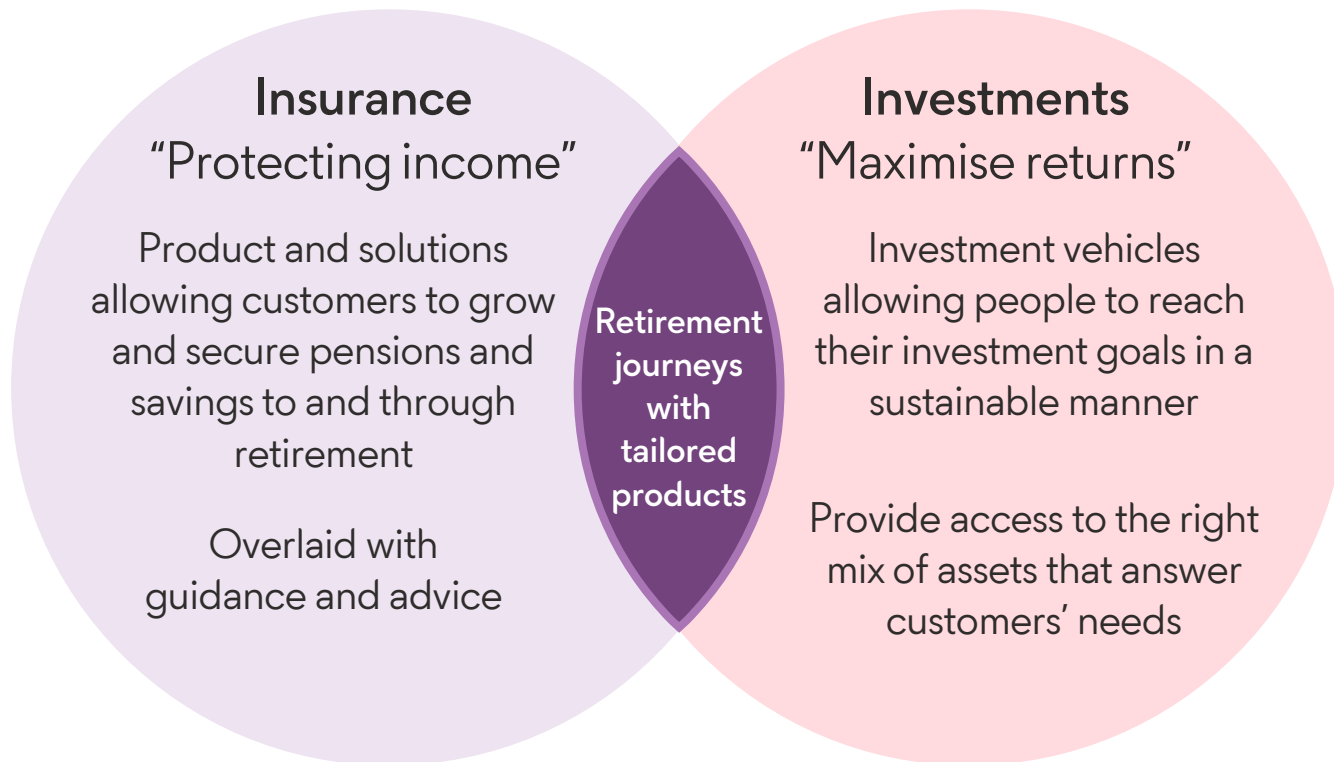
...to support growth in incremental new business long-term cash generation



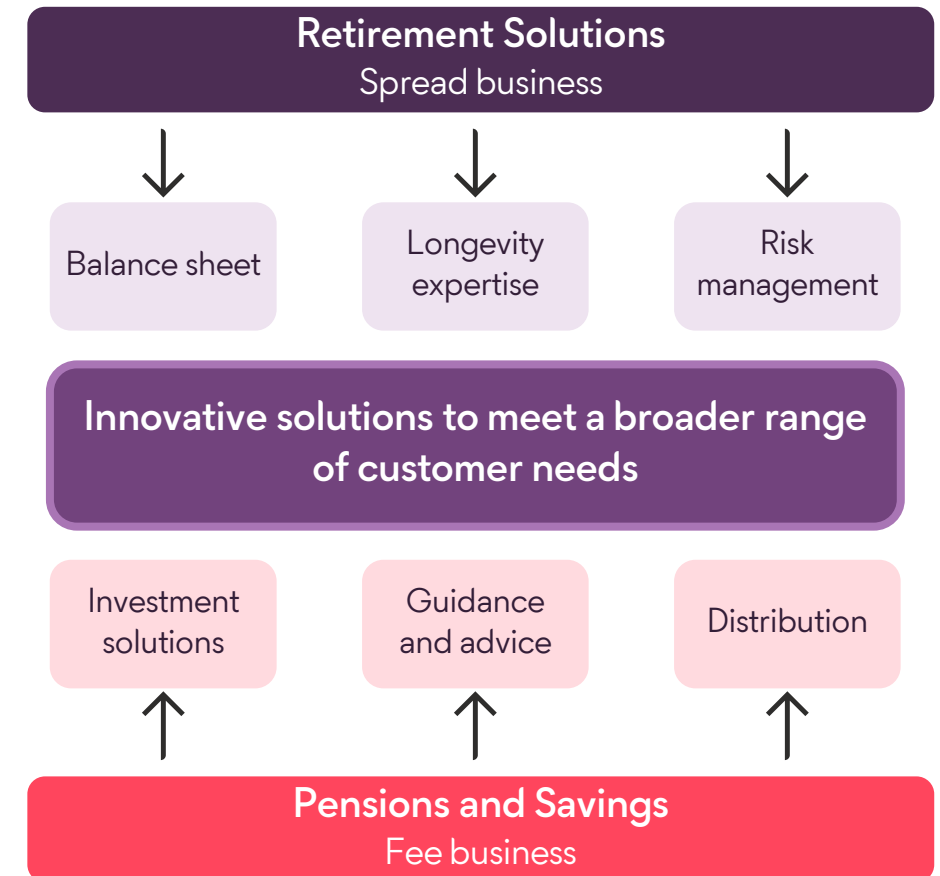
See Appendix 1 for footnotes  
<sup>(†)</sup> Includes Europe and SunLife

# Our businesses are working together to innovate and meet our customers' evolving needs

Phoenix can meet the emerging demand from customers, with 78%<sup>(6)</sup> of people looking for greater income certainty in retirement...



...as we combine our businesses' strengths to deliver innovative solutions



See Appendix 1 for footnotes

# We have a clear opportunity to grow our in-force cash generation organically



## Key messages

- Phoenix has a large in-force business that generates a predictable stream of cashflows over time
- Our c.£17bn of lifetime in-force cash generation is based on conservative assumptions including an annual lapse rate
- We therefore have a clear opportunity to grow our in-force cash generation by:
  - ✓ Meeting more of the evolving needs of our existing customers
  - ✓ Acquiring new customers

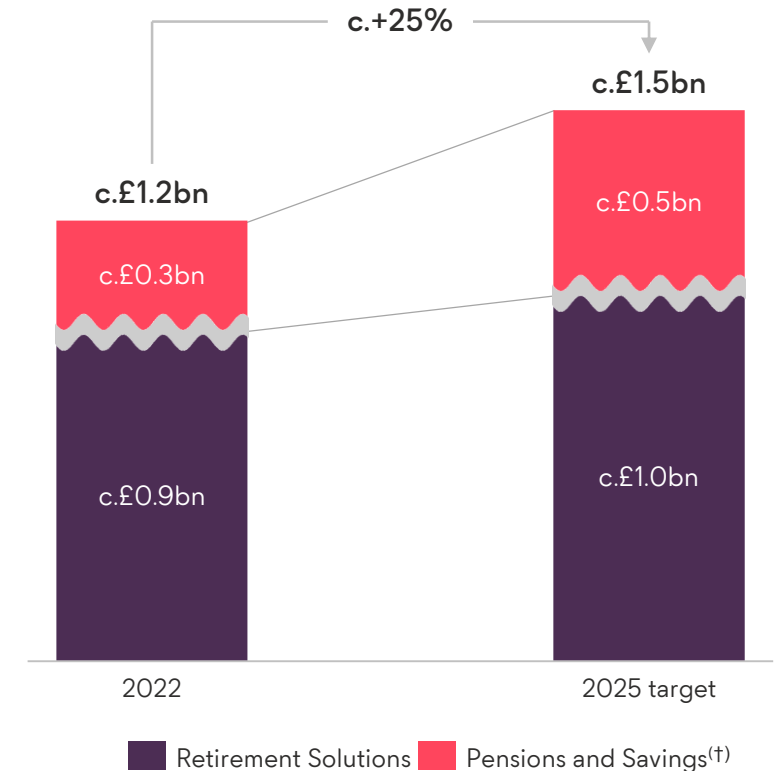
See Appendix 1 for footnotes

# We are confident of growing incremental new business long-term cash generation to c.£1.5 billion per annum by 2025

We have a clear strategy for delivering future growth...

- ✓ We operate in structurally growing markets
- ✓ We have made significant progress in 2 years
- ✓ We will leverage the Group's competitive advantages and the strengths of Standard Life to grow further
- ✓ We have built strong capabilities in Retirement Solutions and Workplace...
- ✓ ...and will now develop our Retail capability too

...and we are setting our first organic growth target



<sup>(†)</sup> Includes Europe and SunLife

# Retirement Solutions

Tom Ground

Managing Director, Retirement Solutions

# Key messages for today

1

We operate across three large, growing and attractive markets

2

We have built the key capabilities that we need to win

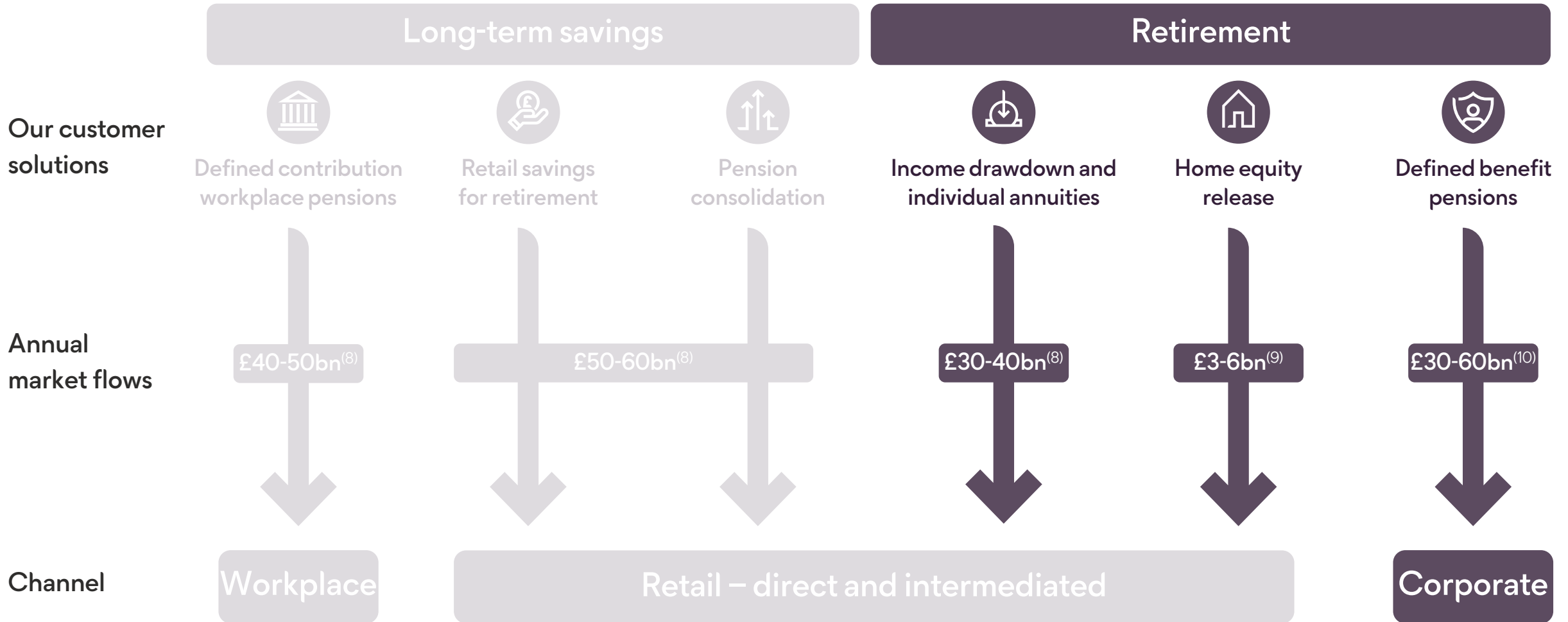
3

We will deliver sustainable incremental new business long-term cash generation of c.£1 billion p.a. by 2025 for the Group, while limiting our credit risk exposure

4

We are focused on delivering mid-teens IRRs for our shareholders

# Retirement Solutions: We can access substantial flows across the market



See Appendix 1 for footnotes



# Retirement Solutions: Our businesses help customers secure income certainty in retirement

## Defined Benefit (DB) Solutions

Supporting corporates in de-risking their DB pension scheme liabilities

- c.£1.4tn private sector DB liabilities, with only c.10% currently insured<sup>(10)</sup>
- Demand for BPAs to increase to £30-60bn in 2023 and £40-90bn in 2025<sup>(10)</sup>
- Scheme funding ratios on buyout basis from 74% to 88% in 18 months<sup>(10)</sup>

## Retirement Income

Providing income certainty to individuals in retirement

- Rapidly growing individual annuity market, from c.£4bn in 2021 to c.£12bn in 2029<sup>(8)</sup>
- c.£40bn inflows p.a. into retirement income, only 10% is for annuities<sup>(11)</sup>
- Rising annuity rates are driving customer interest, with the volume of Google searches for annuities nearly doubling in September

## Mortgage Solutions

Enabling individuals to access their property wealth in retirement

- c.£4tn<sup>(12)</sup> house equity owned by the over 55s, with £4.8bn<sup>(13)</sup> realised 2022 YTD
- 44%<sup>(13)</sup> of people consider using property wealth to maintain lifestyle in retirement
- Long-dated mortgage solutions are better matched to living longer lives

Lifetime mortgages provide an attractive asset to back the growth of our annuity businesses

See Appendix 1 for footnotes

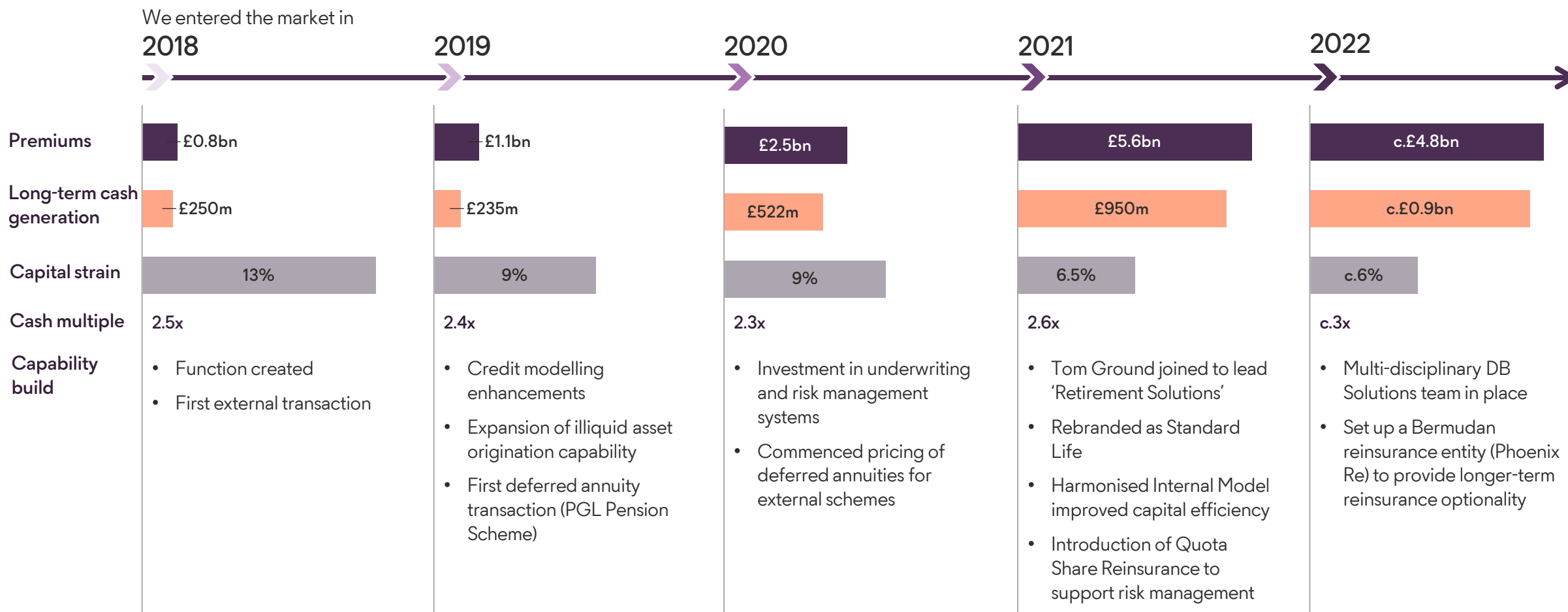
**Retirement Solutions:** We will leverage the Group's competitive advantages and the strengths of Standard Life to grow



Part of Phoenix Group



# DB Solutions: We have invested in building our capabilities, delivering c.£3 billion of incremental new business long-term cash generation since 2018



# DB Solutions: We provide innovative de-risking solutions to support defined benefit pension schemes

## Our ambition

Be a market leader in providing innovative de-risking solutions to support DB pension schemes

## Key financials

**Capital allocation**  
Around £300m per annum

**Capital strain**  
c.5% by 2025

**Returns**  
Mid-teens IRRs

## Our strategy



Deliver a market-leading customer proposition



Optimise capital to drive strong returns for shareholders

## Key focus areas



Grow organically and through M&A

Leveraging our customer proposition to support our growth



Optimise our in-force business






Reducing our capital strain to optimise our returns

Utilising our asset management partnership model for best-in-class asset deployment

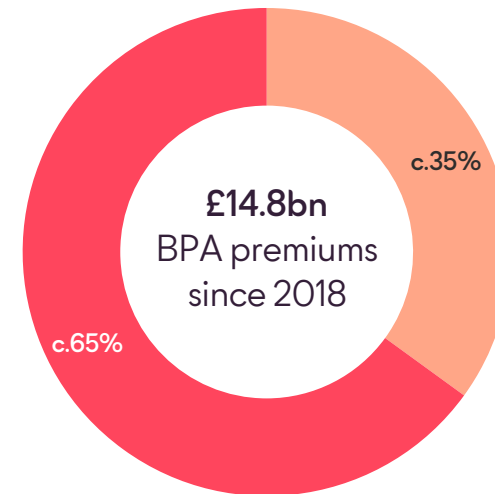
Actively managing our credit risk exposure as we grow our annuities

# DB Solutions: Leveraging our strong customer proposition to support our growth

Great progress in building a leading customer proposition...

-  Strong relationships and early engagement with customers
-  We can support transactions of all sizes
-  Digitally enabled customer service model
-  We offer solutions based de-risking partnerships
-  In partnership with Pensions and Savings we offer an integrated DB and DC offering

...and growth from follow-on transactions with existing customers

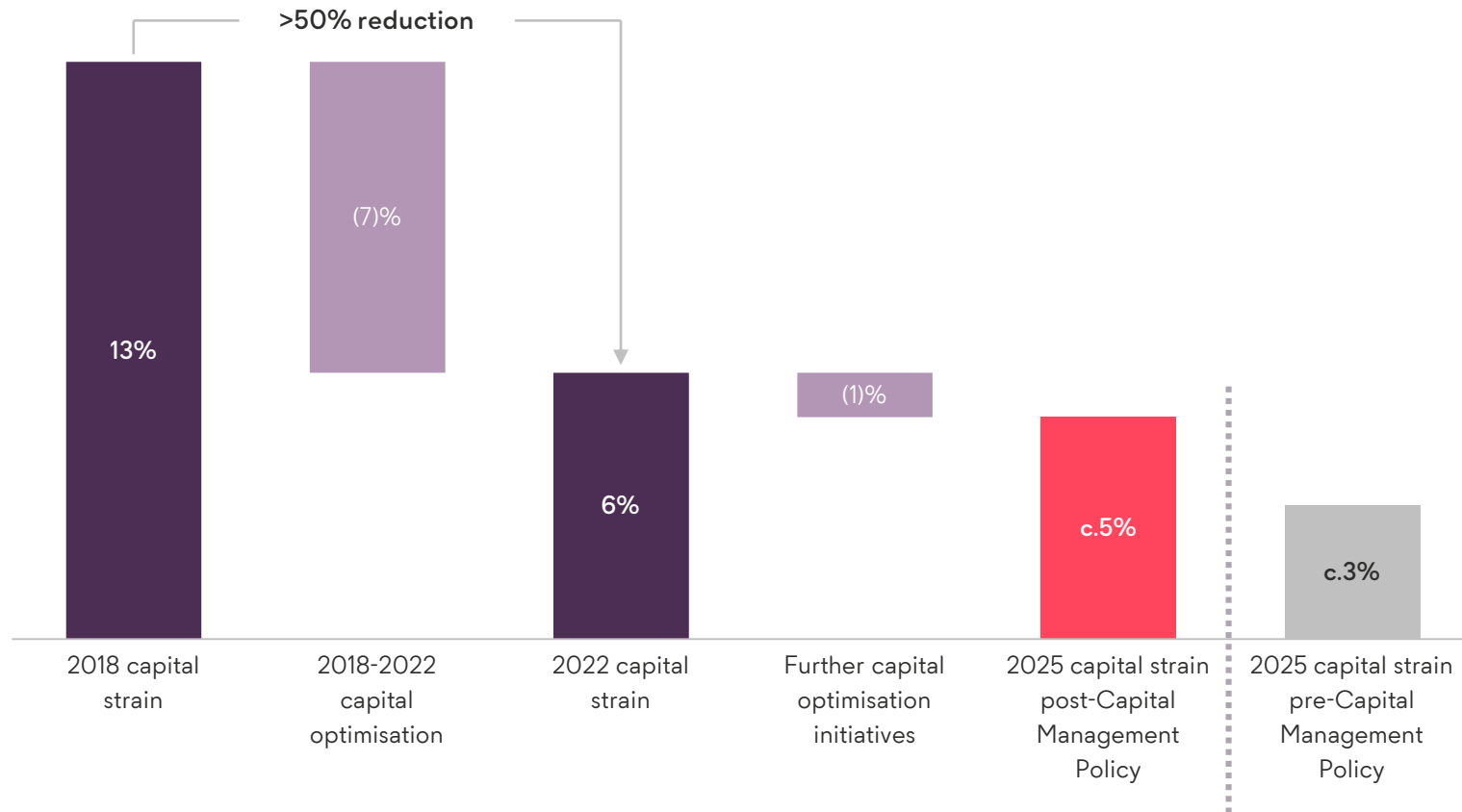


→ c.35% of our total BPA premiums have been from schemes with multiple transactions

c.80% of remaining uninsured liabilities are in schemes >£1 billion

# DB Solutions: Reducing our capital strain to optimise our returns

We intend to reduce our capital strain to c.5% by 2025



Three areas of focus to reduce capital strain:



## Capital Model Optimisation

We improve our capital efficiency by optimising our internal model and diversifying the different risks across our c.13m customers



## Reinsurance

We manage our exposure to longevity and credit risk by optimising our use of reinsurance and by developing our capabilities to access innovative market solutions



## Asset Deployment

We match the nature and duration of our liabilities through optimised asset deployment

# DB Solutions: Utilising our asset management partnership model for best-in-class asset deployment

We partner with the very best asset managers across the globe...

...with a clear focus on sustainability in line with our purpose

We work with over 20 asset managers, including:

 abrdn

 Goldman Sachs | Asset Management

 AgFe

 Invesco

 BARINGS

 MACQUARIE

 BlackRock

 MetLife Investment Management

This model delivers:

- ✓ Access to the best assets
- ✓ Better risk adjusted returns
- ✓ No conflicting priorities with an internal asset manager



£1.4bn  
Affordable housing



£0.9bn  
Positive environmental impact



£0.6bn  
Healthcare and education

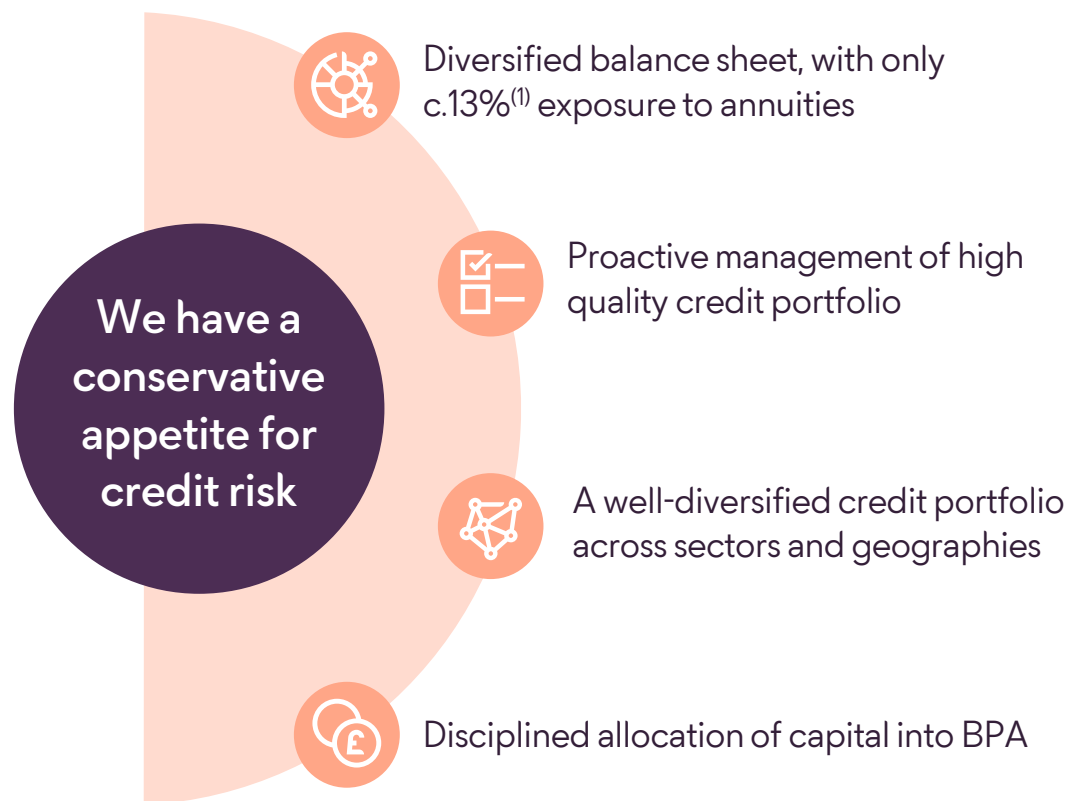


£0.5bn  
Other sustainable investments

Invested  
£3.4bn  
into sustainable  
assets over  
4 years<sup>(14)</sup>

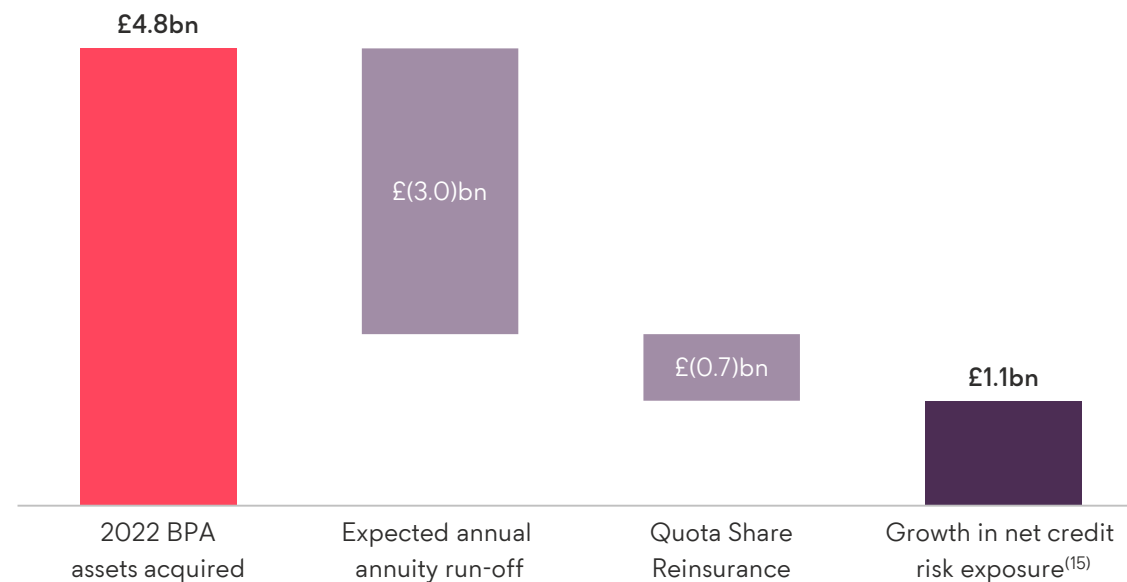
See Appendix 1 for footnotes

# DB Solutions: Actively managing our credit risk exposure as we grow our annuities



See Appendix 1 for footnotes

Illustrative growth in shareholder credit risk exposure in 2022



Our credit risk is growing at a modest rate as our existing annuity book runs off and we make selective use of asset reinsurance



# Retirement Income: We will launch competitive, open market individual income solutions to meet the needs of our current and future customers

## Our current position in the market

### We have clear strengths...

- ✓ Scale and deep expertise from our £35bn<sup>(1)</sup> annuity book

### ...and clear growth opportunities

- Only c.7% take up of annuities offered to Phoenix Life and Standard Life customers at vesting
- No annuity offering to ReAssure customers
- No open market annuity offering and no direct distribution channel

## Our strategy and ambition

**To launch competitive individual retirement income solutions to meet a broader range of customer needs**

**In order to**

**Retain more of our existing customers at retirement and attract new customers**

## Key focus areas

- Launch open market annuity products for existing and new customers
- Develop and launch innovative retirement income solutions that offer customers flexibility and security in retirement
- Establish Standard Life branded distribution channel
- Assess small scale, capability-based M&A opportunities

See Appendix 1 for footnotes

# Mortgage Solutions: Enabling individuals to access their property wealth in retirement

## Our current position in the market

### We have clear strengths...

- ✓ Strong player in the market, having invested in our capability and team
- ✓ Established a long-term strategic partnership with the #1 distributor in lifetime mortgages, Key Group
- ✓ Launched Standard Life Home Finance product – first new Standard Life product in 10 years
- ✓ Prudent ERM portfolio of c.£4bn with a c.30% average LTV

## Our strategy and ambition

**To offer innovative mortgage solutions to support overall retirement journey planning**

**In order to**

**Source attractive assets to back the growth of our annuities business**

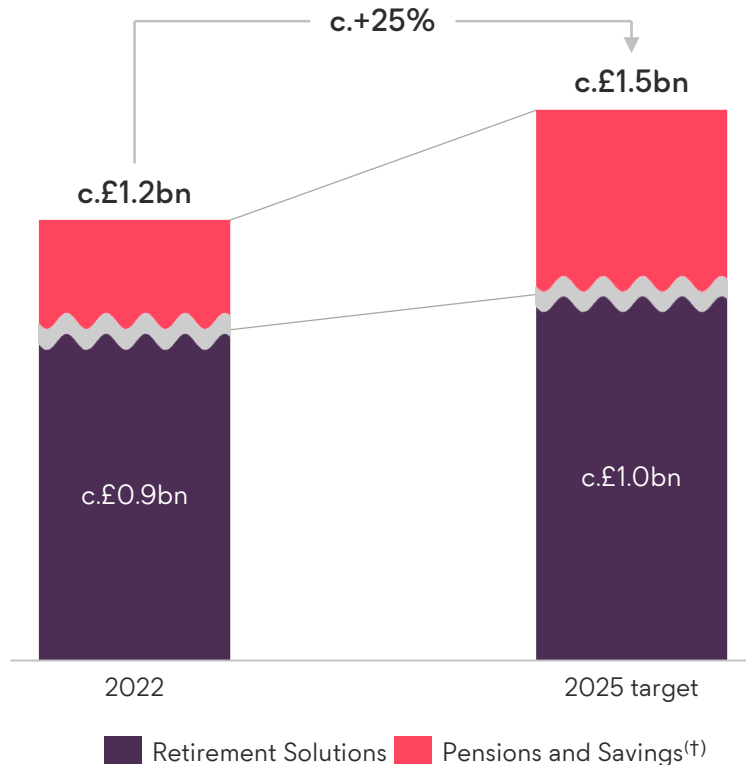
## Key focus areas

- Originate mortgages through 3rd party funding agreements
- Utilise our customer intelligence to develop products that enable customer to incorporate later life lending into overall retirement planning
- Launch new solutions that are accessible to a broader customer demographic, leveraging our brands
- Continue to manage our risk through prudent lending and hedging

# Retirement Solutions: Our strategy will deliver sustainable long-term cash generation

We are setting our first organic growth target...

...that reflects our ambition to grow our business



## Retirement Solutions

- ✓ Reduce BPA capital strain to c.5% by 2025
- ✓ Disciplined investment of around £300m of capital per annum into BPA
- ✓ Achieve mid-teens IRRs on BPA
- ✓ Launch an open market individual annuity proposition

<sup>(†)</sup> Includes Europe and SunLife

# Pensions and Savings

Colin Williams

Managing Director, Pensions and Savings

# Key messages for today

1

We are operating in a large, growing and attractive market

2

We have the capabilities to compete and win

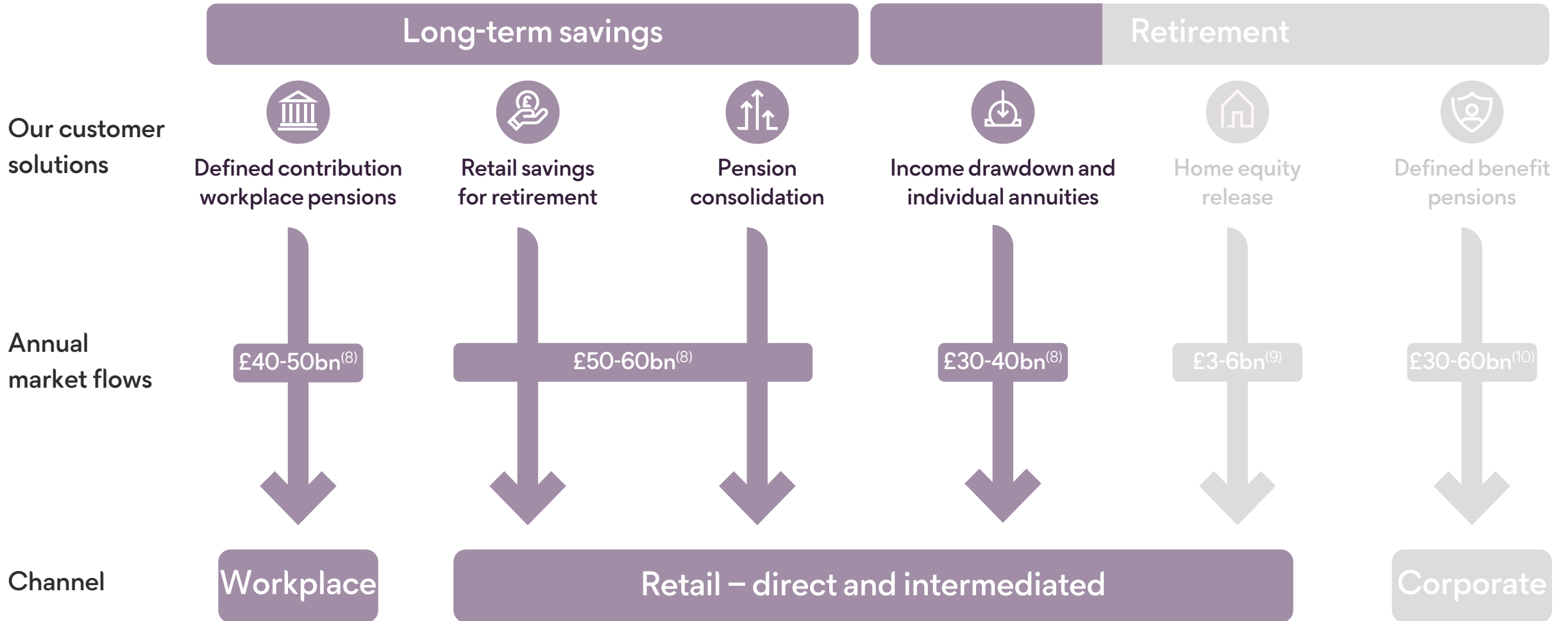
3

We are already making great progress with our clear and distinctive strategy

4

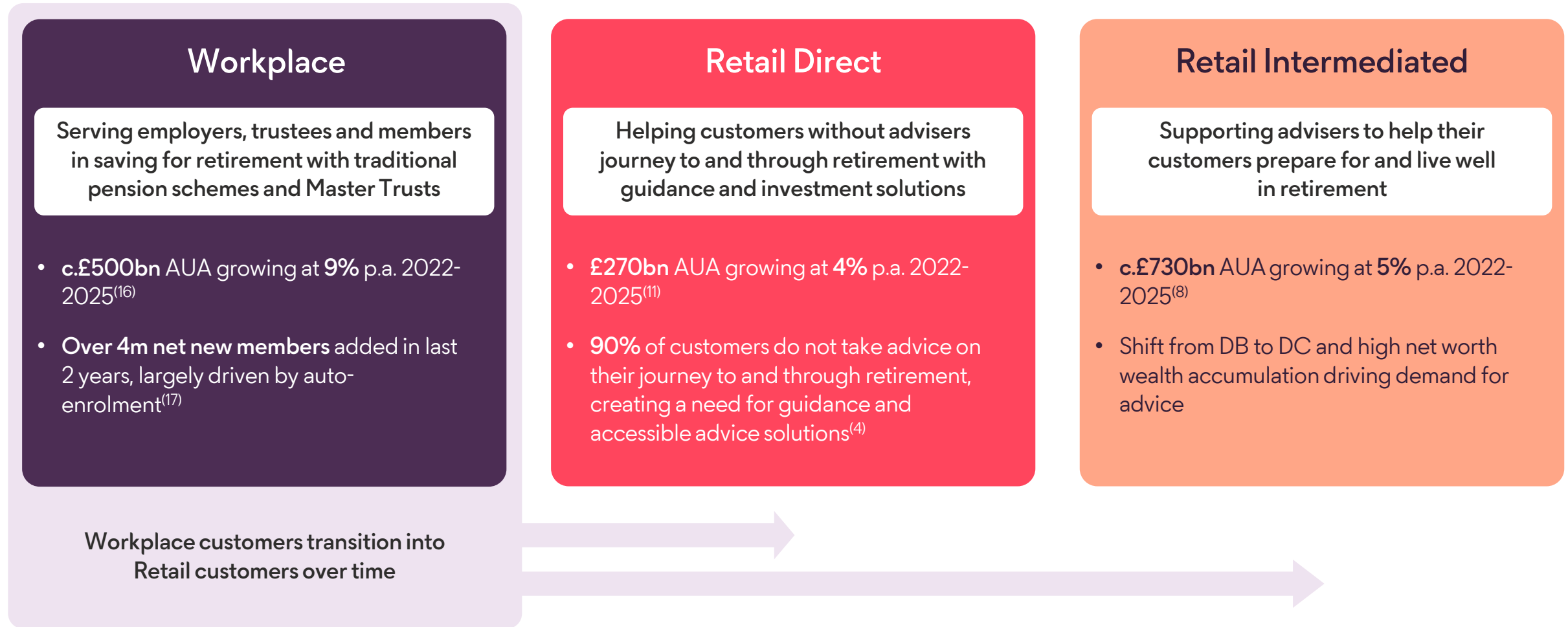
Pensions and Savings will be a material contributor to the organic growth of the Group, targeting c.£0.5 billion of incremental new business long-term cash generation by 2025

# Pensions and Savings: We can access substantial flows across the market



See Appendix 1 for footnotes

# Pensions and Savings: Our businesses help customers journey to and through retirement



See Appendix 1 for footnotes

# Pensions and Savings: We have a simple business with a straightforward way to succeed

## Grow our assets

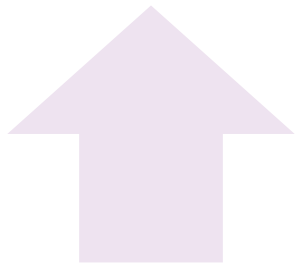
Meet more of the needs of our existing customers through their savings lifecycle and acquire new customers

## Maximise our revenue

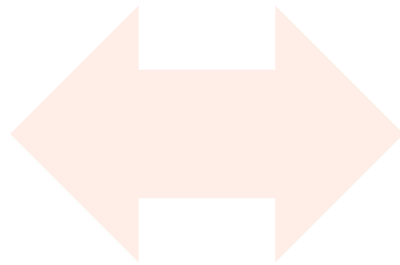
Offer competitive pricing across our products and improve our margins with innovative retirement solutions

## Leverage our cost efficiency

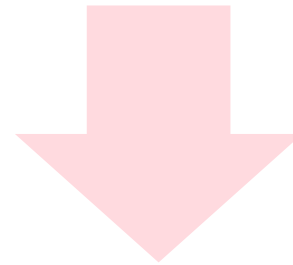
Utilise core Group infrastructure and TCS customer administration partnership to keep our operating costs low



Increased net fund flows



Expanded revenue margin



Lower costs



Growth in incremental new business long-term cash generation



# Pensions and Savings: We will leverage the Group's competitive advantages and the strengths of Standard Life to grow



## Capital efficiency

Balance sheet strength and broad range of best-in-class investment solutions enables us to better meet our customers needs



## Brand recognition

Utilising the strength of the Standard Life brand to bolster our reputation in the market

## Customer access

Untapped opportunity to retain our existing customers and rebuild intermediary relationships



Combining the Group's competitive advantages with Standard Life's strengths will enable us to grow organically



## Customer solutions

Award-winning propositions underpinned by best-in-class investment solutions

## Cost efficiency

TCS customer administration and servicing partnership supports our cost efficiency

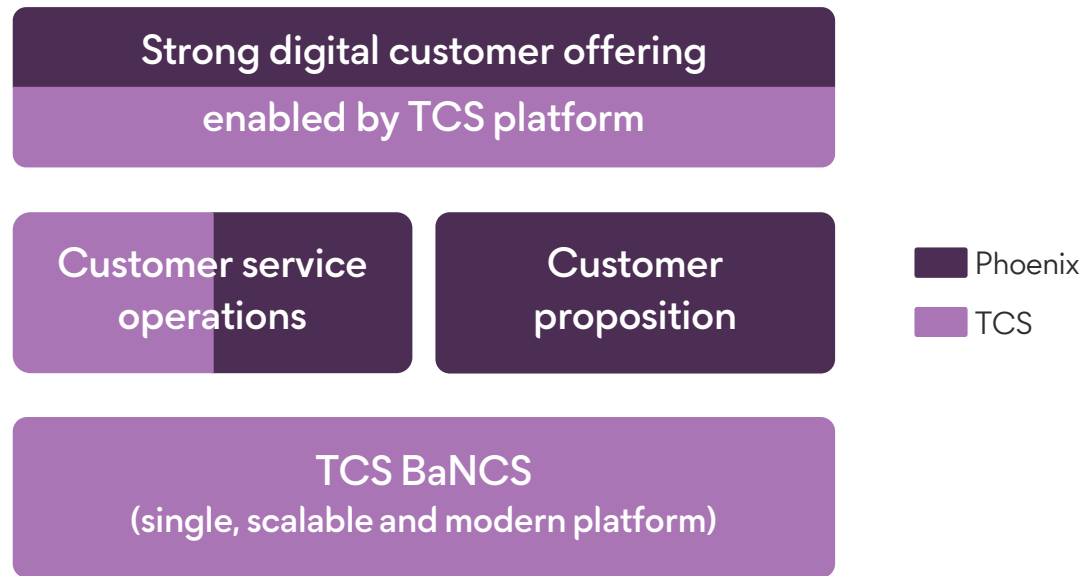


## Customer platform and service

Using shared core infrastructure to provide strong digital platforms and customer service functionality

# Pensions and Savings: Foundational partnership with TCS for customer administration and servicing underpins our cost efficiency

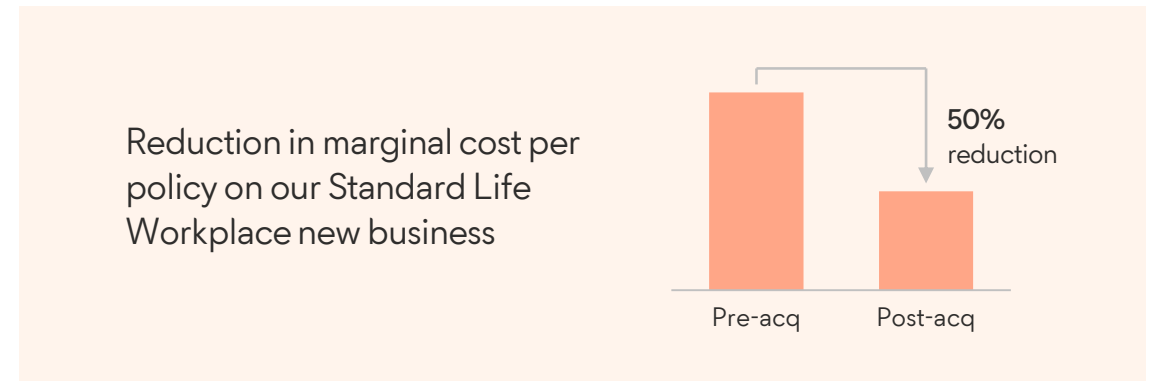
Our operating model utilises the relative strengths of each partner...



- ✓ Phoenix retains differentiated customer service operations, proposition design, products, pricing and investment solutions
- ✓ General customer services and operations delivered by TCS Diligenta

...and delivers a number of key benefits to our business

- Leading-edge digital solutions enabled by TCS
- Strong customer service through Diligenta
- Low-cost, inflation-proofed contract that is evergreen in nature
- Low operating costs



# Pensions and Savings: We are engaging customers through our strong digital capabilities

Our digital capabilities are among the best in the market...



Comprehensive self-service functionality in the Standard Life app



Fast and easy to use pension consolidation



Vulnerability disclosure online with follow-up support



Workplace client analytics to help scheme members understand what sort of retirement they can expect

...reflected in strong customer engagement and industry awards

4.7 / 5

Apple App Store rating  
as of 21 November 2022

94%

Customer satisfaction across  
Standard Life digital journeys

+£2.5k

Higher pension contributions by digital  
users each year



**Best Online Functionality**  
NMG Corporate  
Wealth Report 2022



**Best personalisation,  
segmentation, and visual appeal**  
Retirement Living  
Standards Award 2022

# Pensions and Savings: Our asset management capabilities support best-in-class investment solutions for customers

Our asset management partnership model provides us with access to the best asset managers globally

✓ We protect investment performance through robust and independent governance structures to deliver better customer outcomes

✓ We use our scale to provide our customers with value for money investment solutions

✓ We have access to deep sustainability capabilities across both the Group and our asset management partners to fully support our customers' ESG goals

See Appendix 1 for footnotes



abrdn helped develop our successful Sustainable Multi Asset fund which is helping us to win schemes & awards



An integrated ESG investment strategy designed to prioritise financial returns while mitigating sustainability risks



Headline cost reductions for customers of 4-14 bps



Aim is to reduce the carbon intensity of the sustainable components<sup>(18)</sup> of the strategy by 50%

It is our new Workplace default option and we've transitioned:

**c.1.5m**

Customers into the fund

**c.£15bn**

AUA into the fund

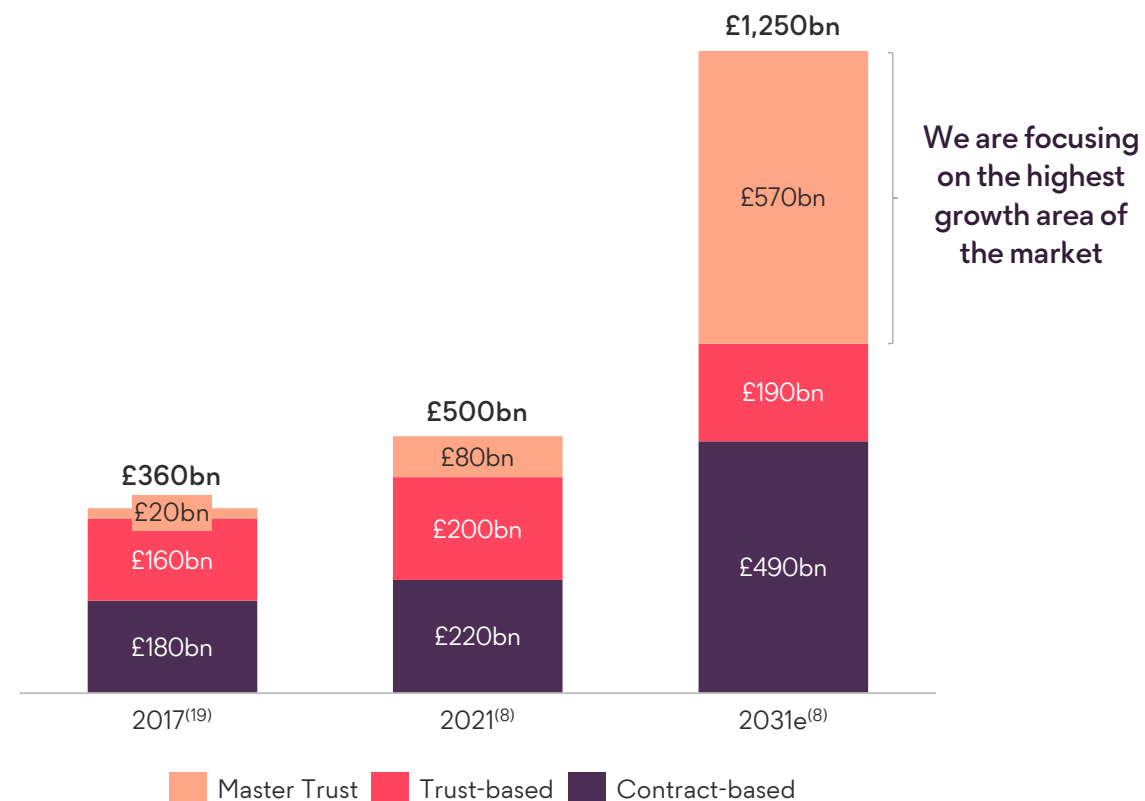
# Workplace: The workplace market is large, growing and changing structurally

Fundamental customer, economic and regulatory trends...

- 1 Established auto-enrolment system underpins ongoing scheme member and asset growth
- 2 Regulatory push leads employers to switch to Master Trust solutions
- 3 Structural economic and regulatory factors drive long-term growth in member contributions and resilience in an economic downturn

...support organic growth and structural change in Workplace

Assets under Administration<sup>(1)</sup>



See Appendix 1 for footnotes

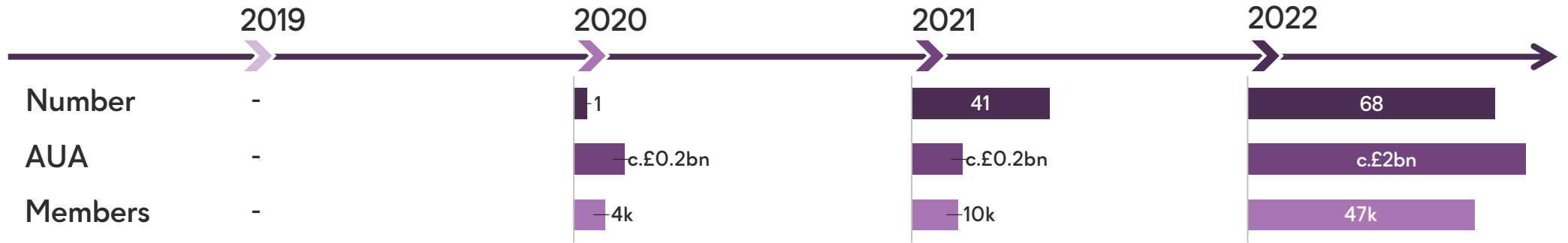
# Workplace: A capital-light organic growth engine with growth in flows generated by existing schemes



Workplace is a very resilient business during an economic downturn

# Workplace: We have invested to re-build a winning proposition and brand

Our new scheme wins...



...reflect the investment we have made into building our capabilities...

Improving our member experience through our digital first strategy

Significant investment in our proposition with a focus on Master Trust

Expanding our range of high-quality investment solutions

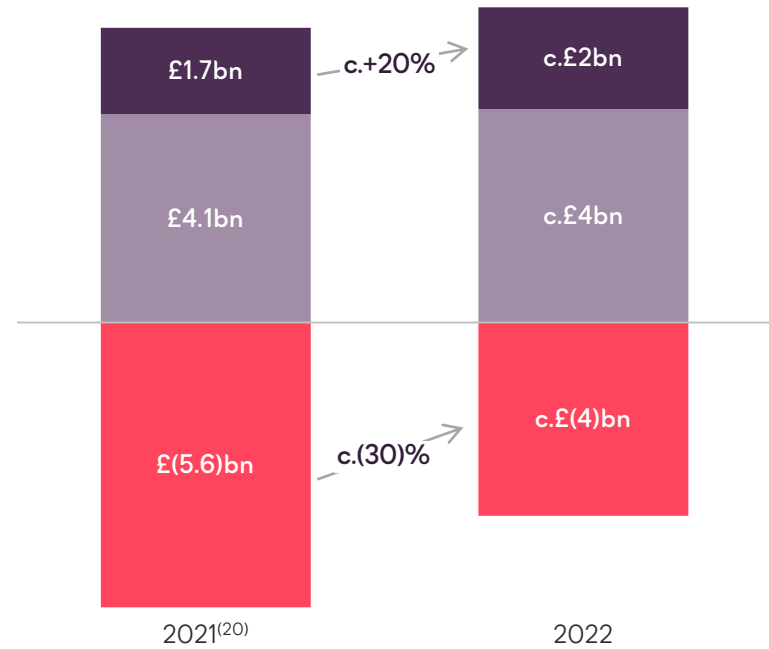
Standard Life brand clarity provided by its acquisition and re-activation in market

...and is evidenced through our recent awards

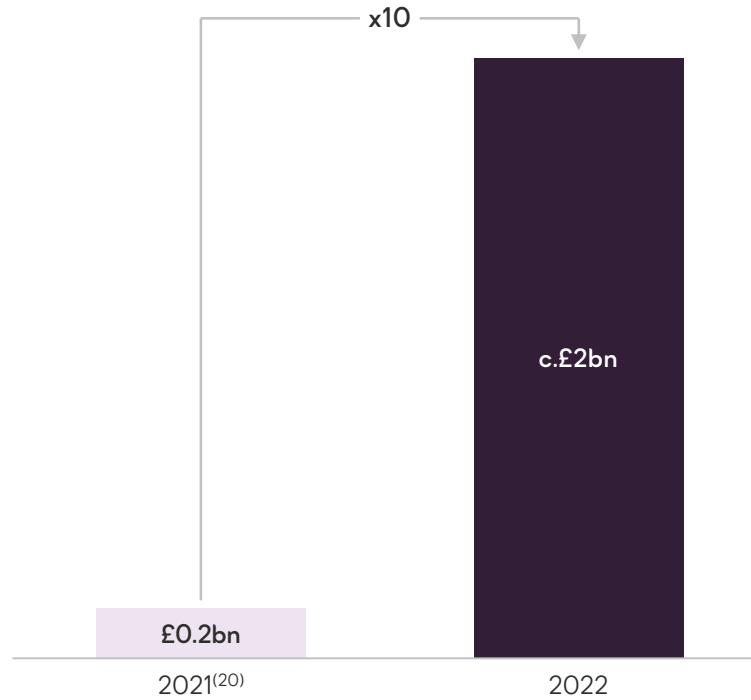


# Workplace: Our progress is reflected in our significantly improving financial performance, with our strong margins expected to continue

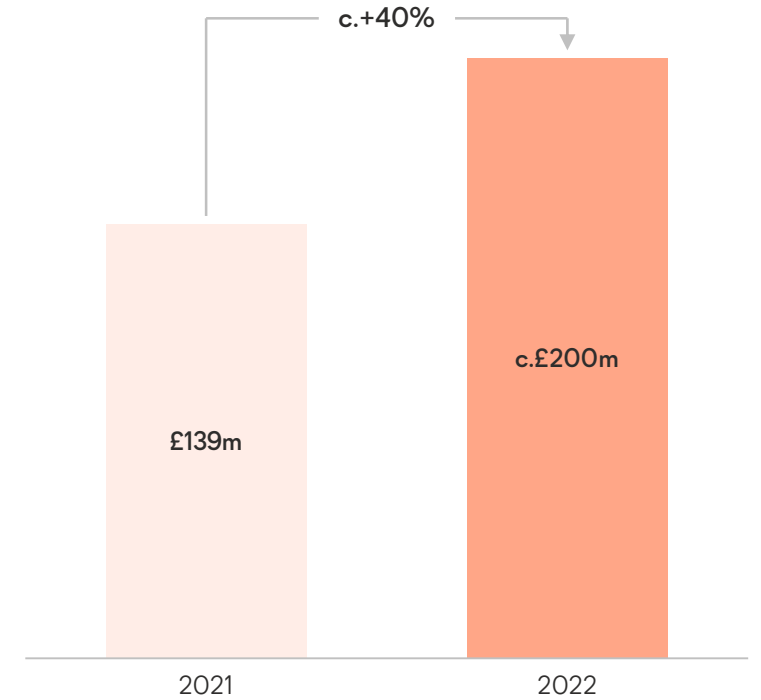
We are growing inflows and stemming outflows...



...to grow our net fund flows...



...which is growing incremental new business long-term cash generation



Gross inflows new
  Gross inflows existing
  Gross outflows

See Appendix 1 for footnotes



# Workplace: We have a clear ambition and strategy to drive greater net fund flows

## Our ambition

To become a Top 3 Workplace provider

## Future contribution

Growth in net fund flows across 2023-2025

c.£5bn of annual net fund flows by 2025

## Our strategy



A market leading, comprehensive and convenient Workplace proposition...



...leveraging our scale, infrastructure and reach

## Key focus areas



Grow organically and through M&A

Investing in distribution to develop deeper relationships with advisers and EBCs

Providing innovative solutions and guidance to improve outcomes

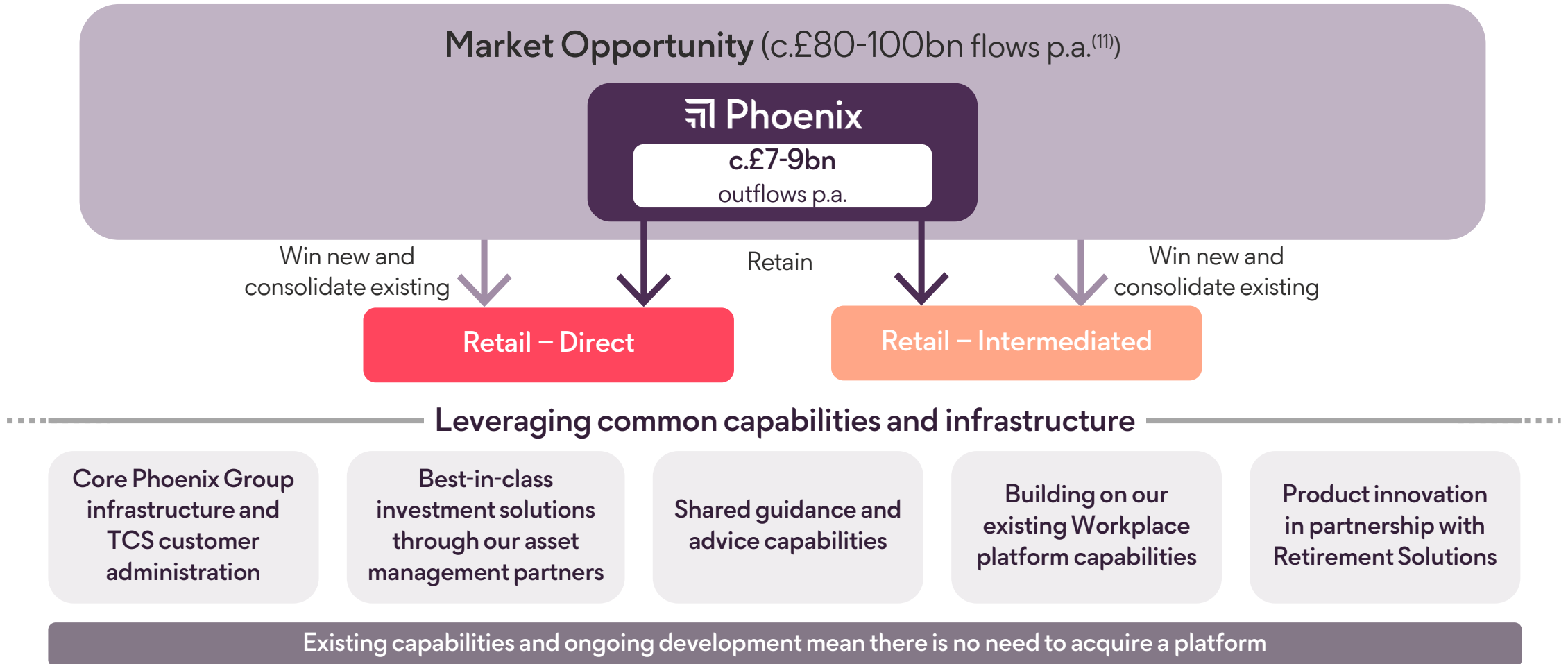
Developing personalised customer journeys



Enhance our operating model and culture

Transition to a new scalable platform on TCS BaNCS

**Retail:** We have a significant opportunity to retain our existing customers and attract new customers by leveraging common capabilities and infrastructure



See Appendix 1 for footnotes

# Retail – Direct: We will support both new and existing customers with engaging and innovative solutions to help them reach their financial goals

## Our current position in the market

### We have clear strengths...

- ✓ Strong and trusted brand in Standard Life
- ✓ Access to c.13m existing customers (1 in 5 UK adults)
- ✓ Digital interfaces and low-cost administration infrastructure

### ...and gaps in our proposition that we will fill

- Limited direct marketing capabilities
- No direct-to-consumer platform for individual customers
- Limited guidance and no advice proposition

## Our strategy and ambition

Offer retirement solutions with enhanced guidance and explore options for advice<sup>(†)</sup>, to better meet the needs of new and existing customers

In order to

Grow assets by attracting and retaining customers transitioning to retirement

Address UK “guidance gap” with c.90% of customers not taking advice

## Key focus areas

- Enhance direct marketing function to better engage with customers
- Build on our successful direct-to-consumer digital platform pilot for a broader launch
- Enhance our guidance proposition and explore the options for advice capabilities, working closely with the FCA as we develop our thinking
- Re-establish the Standard Life brand as a strong market participant again

<sup>(†)</sup> Subject to regulatory approval

# Retail – Intermediated: We will re-energise our adviser presence with deep customer insight, efficiency through technology and compelling propositions

## Our current position in the market

### We have clear strengths...

- ✓ Strong and trusted brand in Standard Life
- ✓ Long-standing relationships across the intermediated market with c.£13bn AUA
- ✓ Best-in-class investment solutions through our asset management partnership model

### ...and gaps in our proposition that we will fill

- No adviser sales & marketing capabilities
- No adviser platform and integration
- Limited retirement income solutions

## Our strategy and ambition

**Offer state-of-the-art retirement-focused solutions with smart and frictionless journeys for both advisers and their customers**

**In order to**

**Retain and grow assets among those working with advisers**

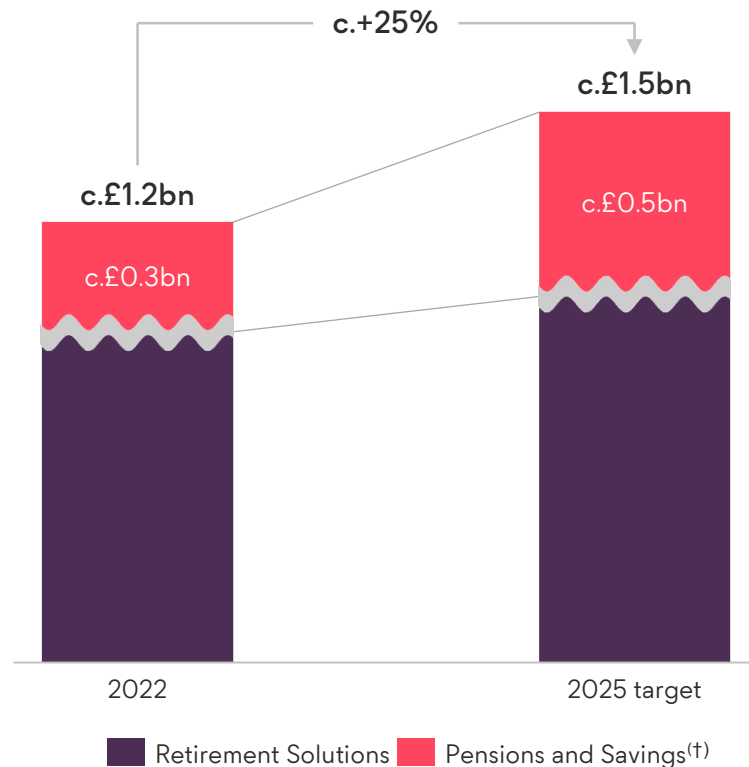
## Key focus areas

- Re-engage the intermediated market with broader relationship management reach and insight-led marketing initiatives
- Partner with technology providers to provide an attractive adviser platform
- Develop deep analytics to support advisers in their customer targeting
- Distribute the innovative retirement income solutions we are developing

# Pensions and Savings: Our strategy will deliver sustainable long-term cash generation through growth in net fund flows

We are setting our first organic growth target...

...that reflects our ambition to grow our business



## Pensions and Savings

- ✓ Growth in net fund flows across 2023-2025
- ✓ c.£5bn of Workplace annual net fund flows by 2025
- ✓ c.£2bn of Retail annual net fund flows by 2025

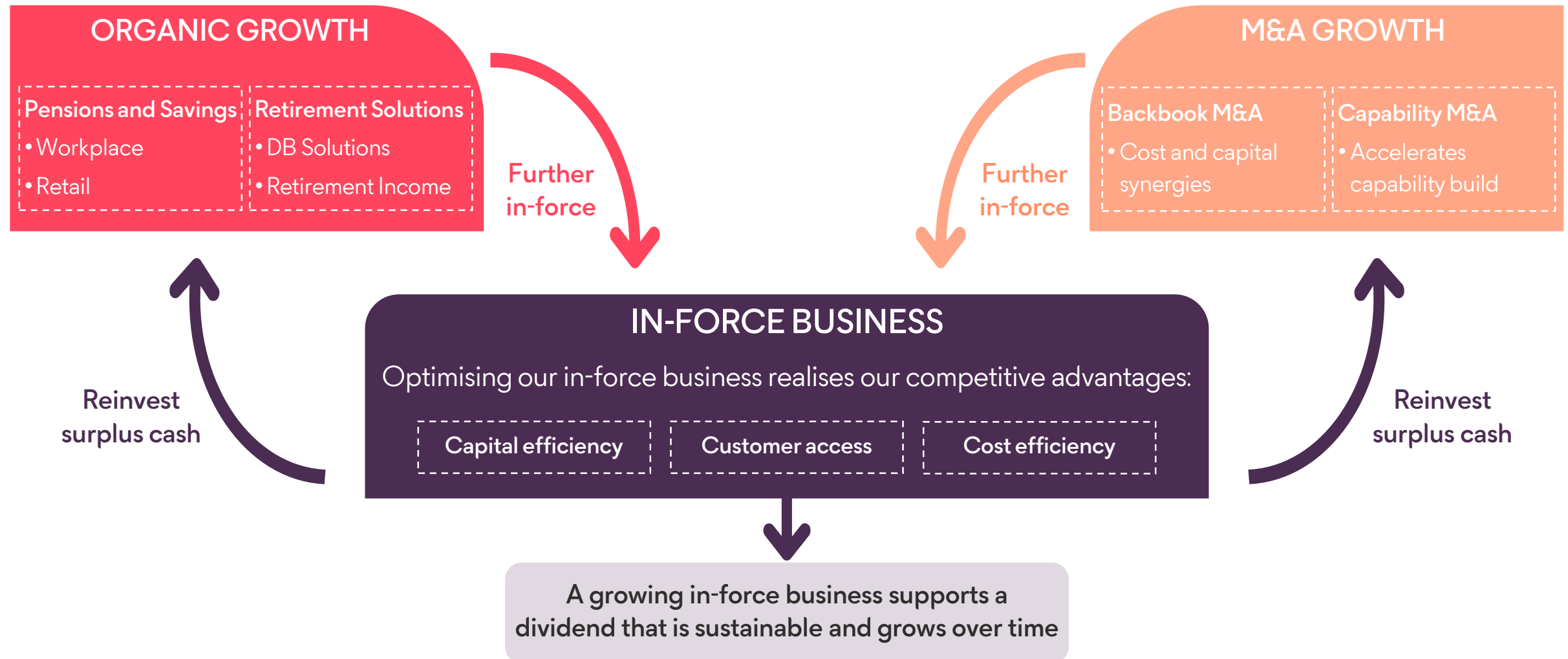
<sup>(†)</sup> Includes Europe and SunLife

# Summary

Andy Briggs

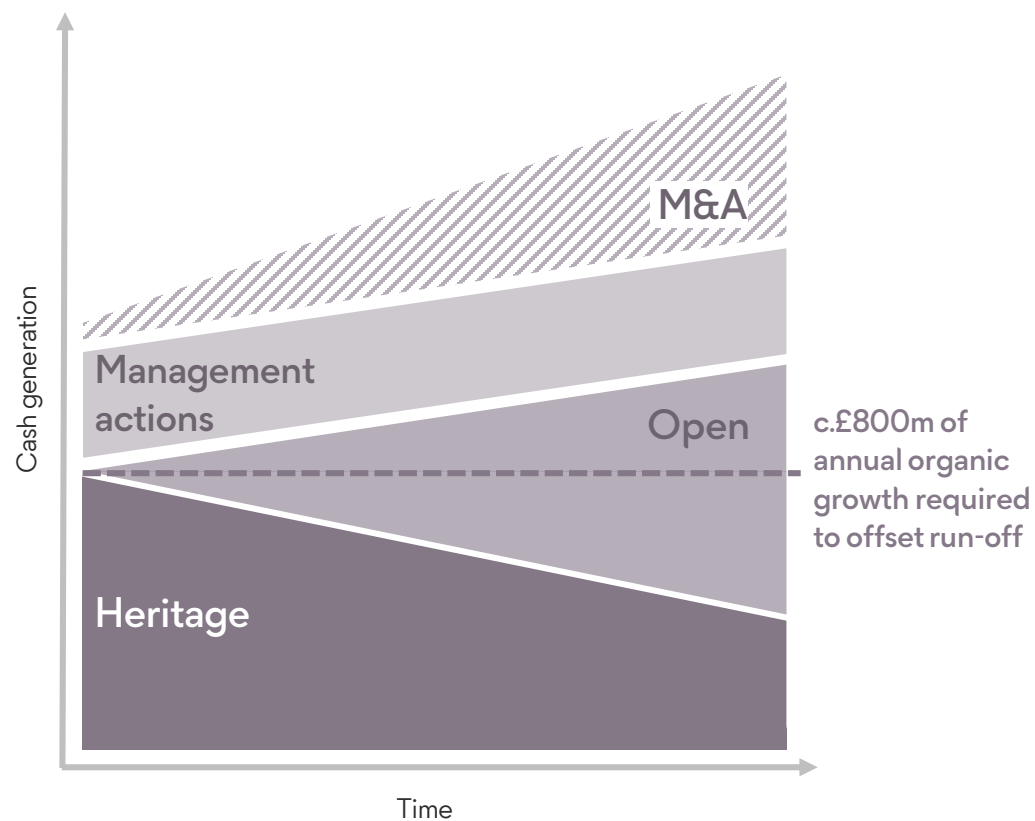
Group Chief Executive Officer, Phoenix Group

# We have a clear and differentiated strategy: we are growing our in-force business both organically and through M&A

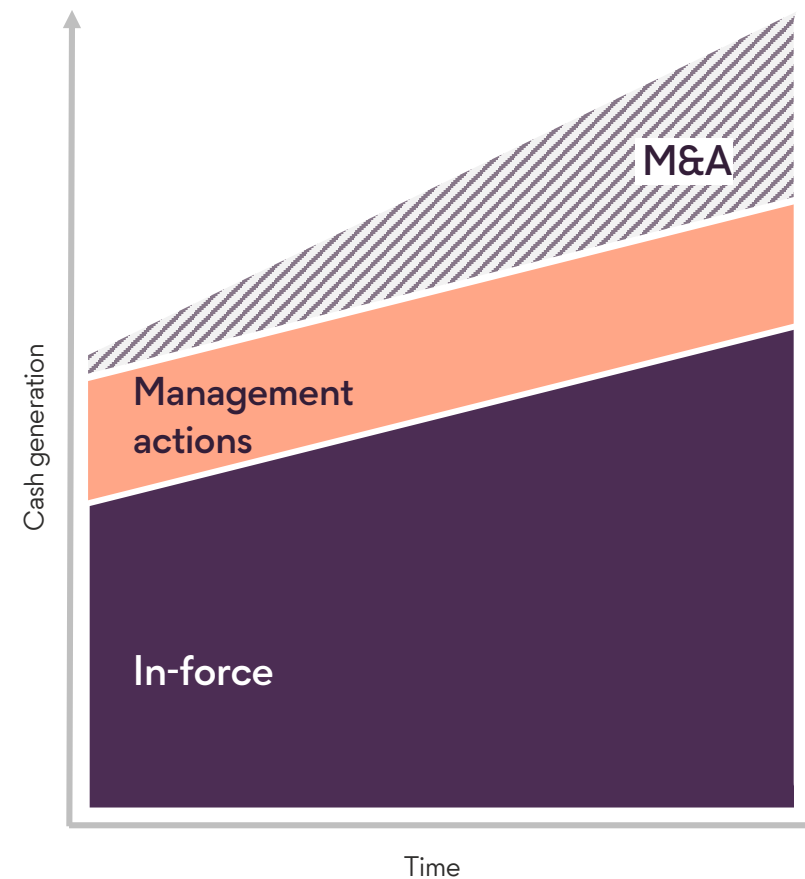


# We have invested in building our capabilities and are confident of growing our in-force cash generation

We have more than proven the wedge again in 2022...



...and are sustainably growing our in-force cash generation





# From 2025, we expect to generate c.£0.5 billion per annum of long-term free cash that can support sustainable dividend growth

## Illustrative long-term free cash generation 2025+



## Key messages

- ✓ From 2025 we expect to generate c.£0.5bn per annum of long-term free cash from organic growth
- ✓ This net growth in long-term free cash will be available for potential dividend growth in line with our policy
- ✓ We will maintain the long-term sustainability of our dividend as we grow it over time, currently 20+ years
- ✓ In addition we continue to target further M&A which will also support future dividend growth over time

<sup>(†)</sup>Includes Europe and SunLife

# Phoenix Group is unique in the insurance sector



Cash



Resilience



Growth

In-force business covers our dividend over very long term

Highly resilient capital position

Growing organically and through M&A

Phoenix Group is a growing business with a defensive balance sheet and offers a uniquely reliable dividend that is sustainable and grows over time

# Key messages from today

1 We are 'helping people secure a life of possibilities' through our clear and differentiated strategy

2 We have significant growth opportunities from meeting more of the evolving needs of our existing customers across their lifecycle and through acquiring new customers

3 The scale of our in-force business brings three competitive advantages: capital efficiency, customer access and cost efficiency

4 We have invested in building our capabilities and are confident of growing incremental new business long-term cash generation to c.£1.5 billion per annum by 2025, a c.25% increase on 2022

5 Phoenix is a growing business that offers a resilient dividend that is sustainable and grows over time

# Q&A

# Appendices

# Appendix 1: Footnotes

1. As at 30 June 2022
2. Sources: LCP report (Insurance enters a new phase: a skyrocketing market, October 2022) and Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2021)
3. Sources: LCP report (Insurance enters a new phase: a skyrocketing market, October 2022) NMG UK Stock & Flow Model, and Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2021)
4. Source: FCA (FCA's key priorities for the financial advice industry, November 2022)
5. Source: Phoenix Insights report (Great Expectations, September 2022)
6. Standard Life report (Retirement Voice, 2022)
7. As at 1 January 2022
8. Source: Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2021)
9. Source: Equity release monitor and MoneyAge
10. Source: LCP report (Insurance enters a new phase: a skyrocketing market, October 2022)
11. Source: NMG UK Stock & Flow Model
12. Source: Office for National Statistics
13. Source: Equity Release Council

# Appendix 1: Footnotes cont.

14. Estimated 31 December 2022 position

15. Excluding market movements

16. Sources: Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2021), NMG UK Stock & Flow Model and Phoenix estimate

17. Source: Office for National Statistics

18. At present, c.80% of the assets of the default fund are sustainable components

19. Source: Broadridge report (Navigator - UK Defined Contribution and Retirement Income 2017)

20. 2021 restated to include the Corporate Trustee Investment Plan product which was transferred to the Workplace business in 2022

# Disclaimer

This presentation in relation to Phoenix Group Holdings plc and its subsidiaries (the 'Group') contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals, ambitions, outlook, guidance and expectations relating to future financial condition, performance, results, strategy and/or objectives.

Statements containing the words: 'believes', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'estimates', 'continues' and 'anticipates' or other words of similar meaning are forward looking. Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated.

Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include, but are not limited to: domestic and global economic, social, environmental and business conditions; asset prices; market-related risks such as fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of governmental and/or regulatory authorities, including, for example, initiatives related to the financial crisis, the COVID-19 pandemic, climate change and the effect of the UK's version of the "Solvency II" requirements on the Group's capital maintenance requirements; the impact of inflation and deflation; the political, legal, social and economic effects of the COVID-19 pandemic and the UK's exit from the European Union; the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions; information technology or data security breaches (including the Group being subject to cyberattacks); the development of standards and interpretations including evolving practices in ESG and climate reporting with regard to the interpretation and application of accounting; the limitation of climate scenario analysis and the models that analyse them; lack of transparency and comparability of climate-related forward-looking methodologies; climate change and a transition to a low-carbon economy (including the risk that the Group may not achieve its targets); market competition; changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates); the timing, impact and other uncertainties of proposed or future acquisitions, disposals or combinations within relevant industries; risks associated with arrangements with third parties; inability of reinsurers to meet obligations or unavailability of reinsurance coverage; the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which members of the Group operate.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, ambitions, outlook, guidance and expectations set out in the forward-looking statements and other financial and/or statistical data within this presentation. The Group undertakes no obligation to update any of the forward-looking statements or data contained within this presentation or any other forward-looking statements or data it may make or publish. Nothing in this presentation constitutes, nor should it be construed as, a profit forecast or estimate.