



Phoenix Group remains on track for cash generation targets

Phoenix Group, the UK's largest specialist closed life fund consolidator, today announces its results for the six months ended 30 June 2016.

Financial Highlights

- £147 million of cash generation² in H1 2016 (H1 2015: £110 million)
- Total holding company cash of £921 million² as at 30 June 2016 (£706 million as at 31 December 2015)
- The Group remains on track to achieve its 2016 cash generation target of £350 million - £450 million and the Group reiterates its longer term target of £2.0 billion between 2016 – 2020²
- Solvency II surplus of £1.1 billion³ as at 30 June 2016, which includes the impact of the payment of the interim dividend, compared to £1.3 billion as at 31 December 2015
- Shareholder Capital coverage ratio of 144% as at 30 June 2016⁴ (154% as at 31 December 2015)
- Group IFRS operating profit of £107 million in H1 2016 (H1 2015: £135 million)
- Interim dividend of 26.7p per share, in line with 2015 interim dividend

Acquisition of AXA Wealth's pensions and protection business remains on track

- Previously announced acquisition of AXA Wealth's pensions and protection businesses for £375 million in cash⁵, adding over 910,000 policyholders to the Group
- Completion anticipated in the fourth quarter of 2016, subject to regulatory approvals
- Acquisition funding includes net proceeds of £190 million raised through a placing of 22.5 million shares, together with a new, short-term bank facility
- Significant benefits from the acquisition, resulting in net capital synergies of approximately £250 million within 6 months of completion⁶
- Acquisition expected to generate cashflows of approximately £0.3 billion between 2016 and 2020 and £0.2 billion from 2021 onwards
- Supports a proposed increase of the 2016 final dividend by 5% to 28.0p per share, equivalent to 56.0p per share on an annualised basis

Commenting on the results, Group CEO, Clive Bannister said:

"Phoenix remains on track to deliver its cash target for the year, despite very significant market volatility and a sharp fall in long term interest rates over the year to date. The Group continues to maintain a resilient capital position and has further management actions planned for the second half of the year.

The acquisition of the AXA Wealth businesses is on track and will represent another important step forward in Phoenix's growth strategy. The transaction meets our acquisition criteria and will generate additional cash for the Group which supports the proposed future increase in Phoenix's dividend. Looking ahead, we believe there will be further consolidation in the UK life industry and we will continue to explore further opportunities as they arise."



Presentation

There will be a presentation for analysts and investors today at 9.30am (BST) at:

J.P. Morgan, 60 Victoria Embankment, London, EC4Y 0JP

A link to a live webcast of the presentation, with the facility to raise questions, and a copy of the presentation will be available at www.thephoenixgroup.com

A replay of the presentation will also be available through the website.

Participants may also dial in as follows:

UK	020 3059 8125
International	+44 20 3059 8125
Participant password: 'Phoenix'	

Dividend

The interim dividend of 26.7p per share is expected to be paid on 3 October 2016.

The ordinary shares will be quoted ex-dividend on the London Stock Exchange as of 8 September 2016. The record date for eligibility for payment will be 9 September 2016.

Enquiries

Investors/analysts:

Sam Perowne, Head of Investor Relations, Phoenix Group
+44 (0)20 3735 0021

Media:

Neil Bennett, Tom Eckersley, Maitland
+44 (0)20 7379 5151

Notes

1. Phoenix Group is the UK's largest specialist consolidator of closed life funds with approximately 4.5 million customers and £52 billion of life company assets.
2. Operating companies' cash generation is a measure of cash and cash equivalents, remitted by the Group's operating subsidiaries to the holding companies and is available to cover dividends, bank interest and repayments and other items. Cash generation targets exclude the impact of the proposed acquisition of AXA Wealth's pensions and protection businesses. Holding company cash of £921 million includes the £190 million net proceeds of the equity raising.
3. Any references to Solvency II relate to the relevant calculation for Phoenix Life Holdings Limited, the ultimate EEA insurance parent undertaking.
4. The Shareholder Capital coverage ratio of 144% excludes Solvency II Own Funds and Solvency Capital Requirements ("SCR") of unsupported with-profit funds and the PGL Group pension scheme.
5. Price at announcement was net of adjustment for expected items as at completion.
6. Net capital synergies arising from adoption and harmonisation to Phoenix Internal Model, diversification benefits and transitional measures (subject to PRA approval).



7. This announcement in relation to Phoenix Group Holdings and its subsidiaries (the 'Group') contains, and we 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 and expectations relating to future financial conditions, performance, results, strategy and/or objectives.
8. Statements containing the words: 'believes', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', '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.
9. 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 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, new government initiatives related to the financial crisis and the effect of the European Union's "Solvency II" requirements on the Group's capital maintenance requirements; the impact of inflation and deflation; the political, legal and economic effects of the UK's vote to leave the European Union; 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 future acquisitions 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.
10. As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements and other financial and/or statistical data within this announcement. The Group undertakes no obligation to update any of the forward-looking statements or data contained within this announcement or any other forward-looking statements or data it may make or publish. Nothing in this announcement should be construed as a profit forecast or estimate.