

*Ready, steady, grow*



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# Agenda

- The market – changing times
- Life – customer insight
- Property and casualty – adding value
- Summary

# A strong set of results in 2004

- Operating profit\* £2,344m + 25%
- Life & pensions sales\*\* £20.7 bn + 12%
- New business contribution £706m +11%
- General insurance COR 96.7% (2003 100%)
- GI operating profit £1,326m + 47%
- Full year dividend 25.36p +5% Strongly covered
- ROCE 14.4% 2003 : 13.1%

\* EEV basis, \*\* PVNBP basis

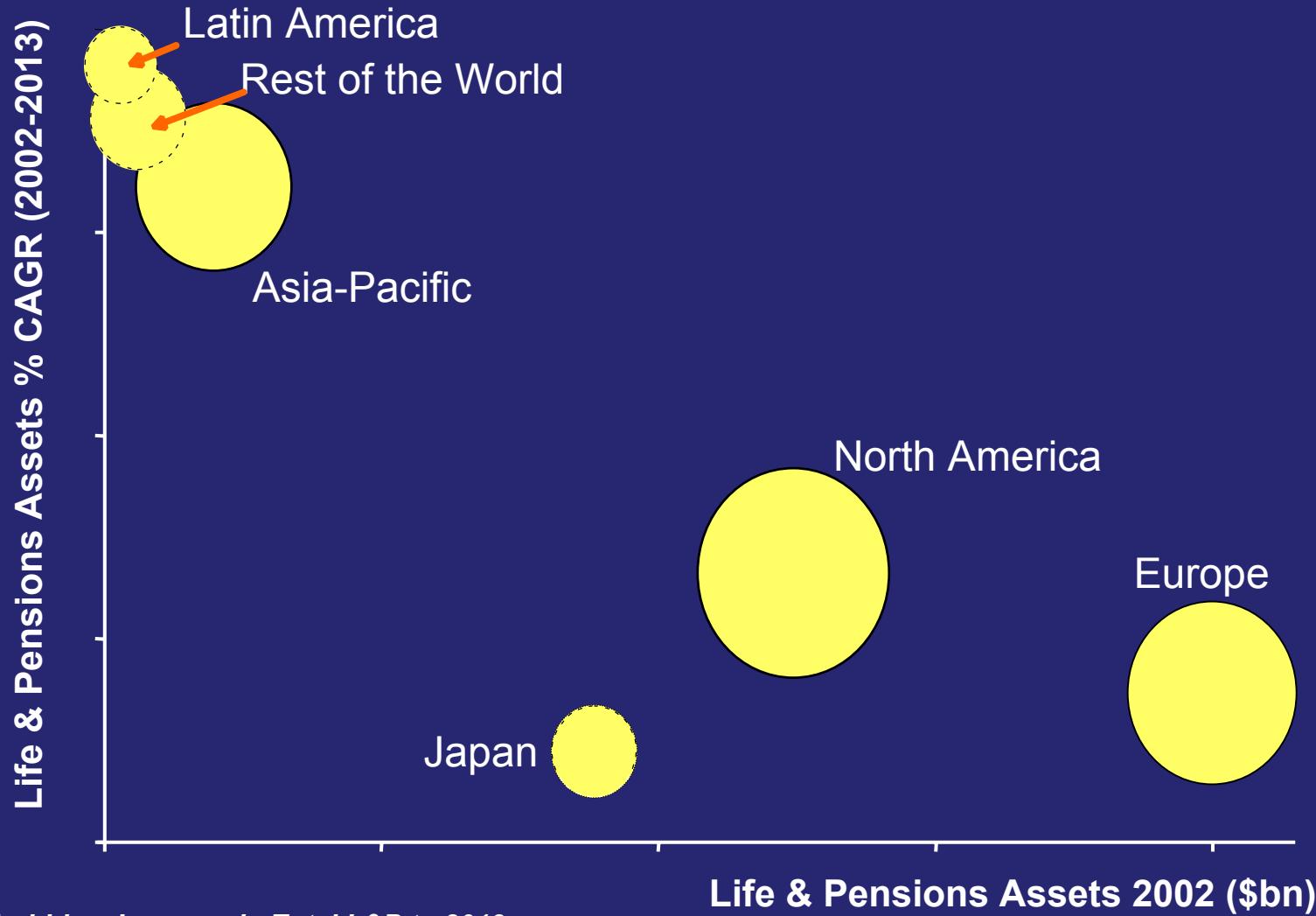
# Market overview

- Confidence among savers gradually returning
- In-depth knowledge of customer needs is essential
- Increased competition for investors' money
- Power of brands: trust and reputation are key
- Change in personal lines to non-traditional distributors
- Need to go beyond the insurance offer
- Diversified approach differentiates us



# Long-term savings

# Where to compete?



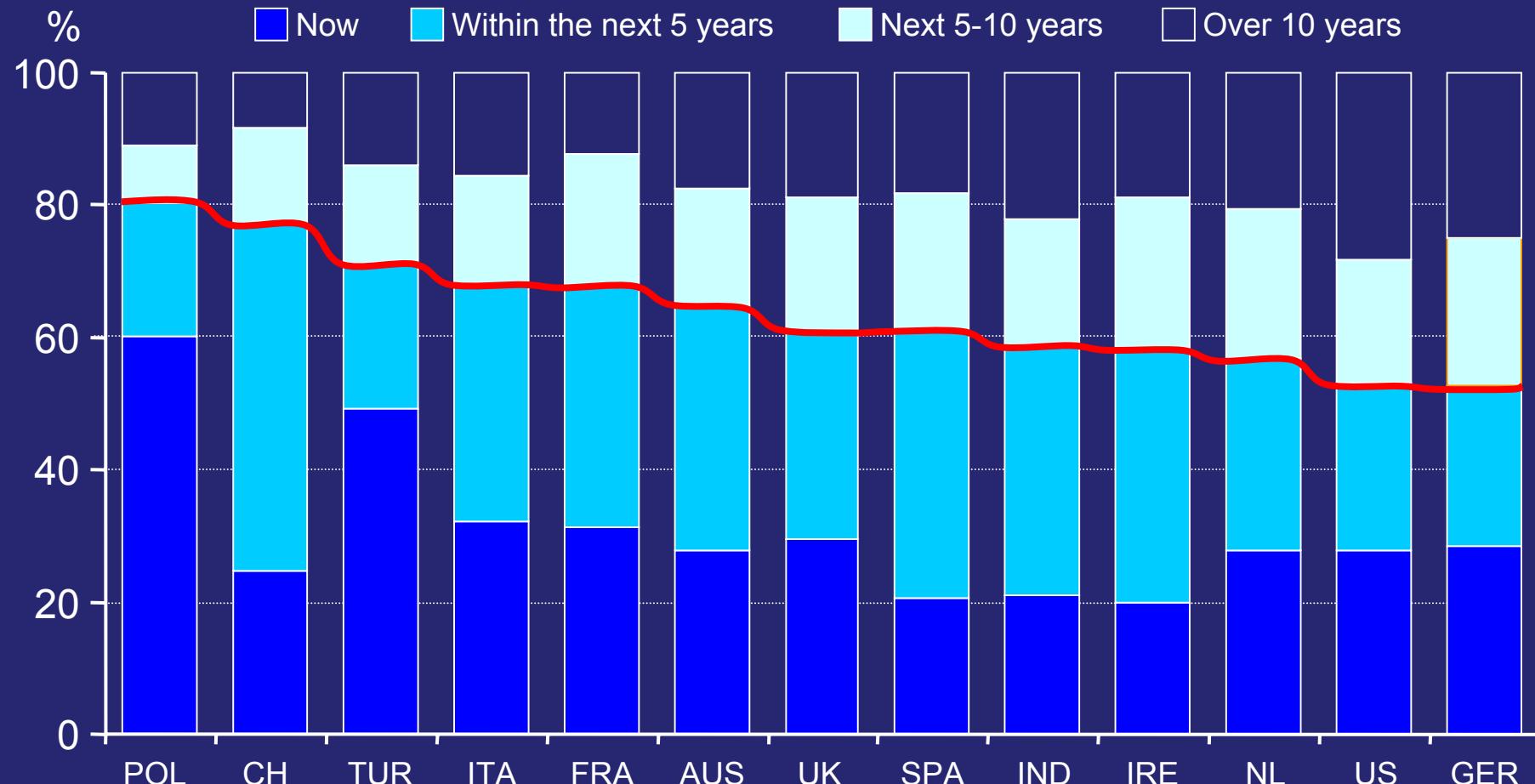
*Area of bubble = Increase in Total L&P to 2013*

Source : Long term savings project:

Detailed internal analysis projecting future Personal Financial Assets (PFA) to 2013 (and 2020) for 6 key asset classes for 26 countries (covering 80% of world GDP)

# Customer Franchise

Which one of the following timescales is most important to you when thinking about savings and investments?



The short term remains the primary savings horizon

# Changes in the UK life market

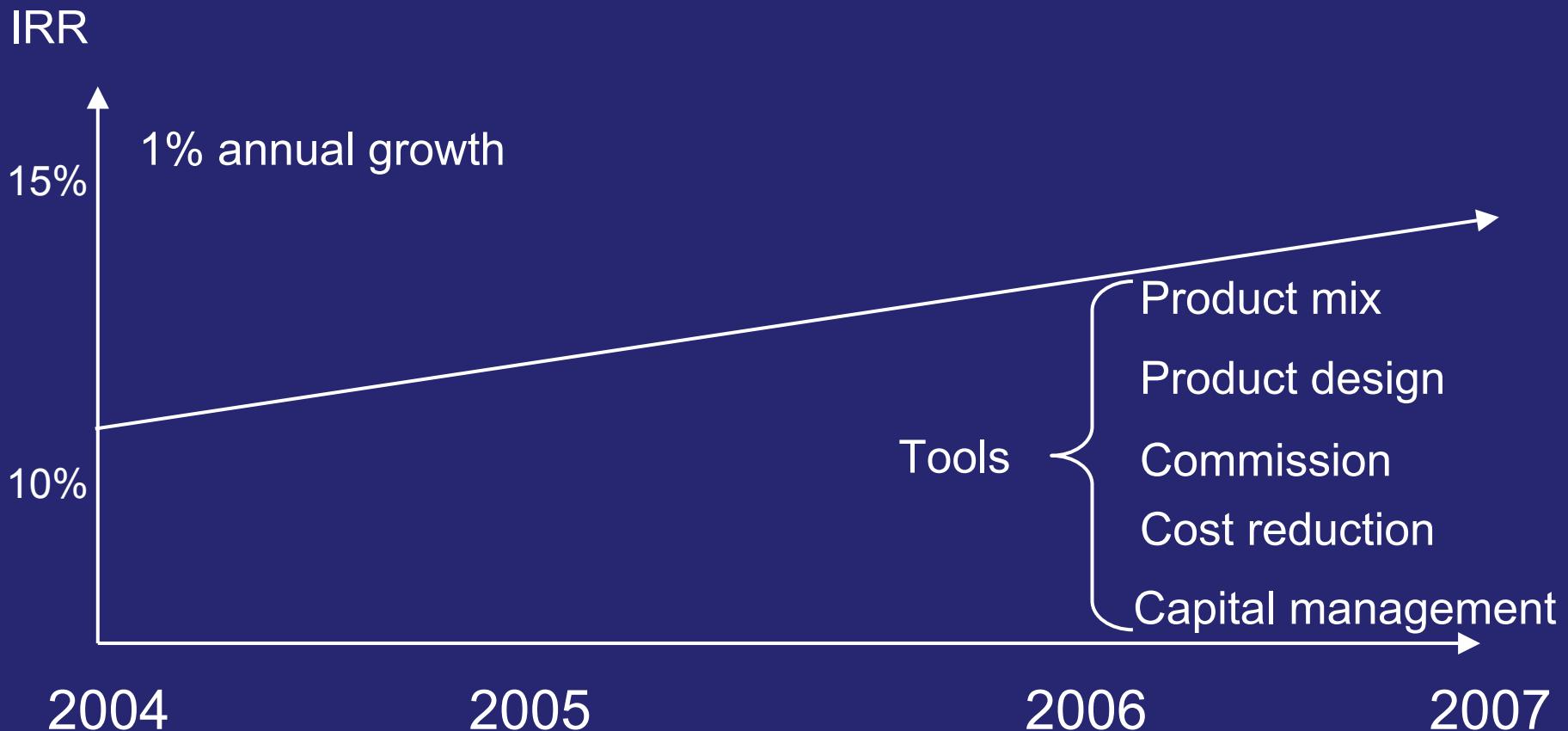
- Pension reform – Turner report
- Low interest rate environment/  
stable equity markets
- Slowing housing market
- Changes in stakeholder pricing
- Reducing level of regulatory change
- Changes in distribution



**Strong medium term growth prospects**

# UK focus: Growing the return on capital

Indicative Return from New Business

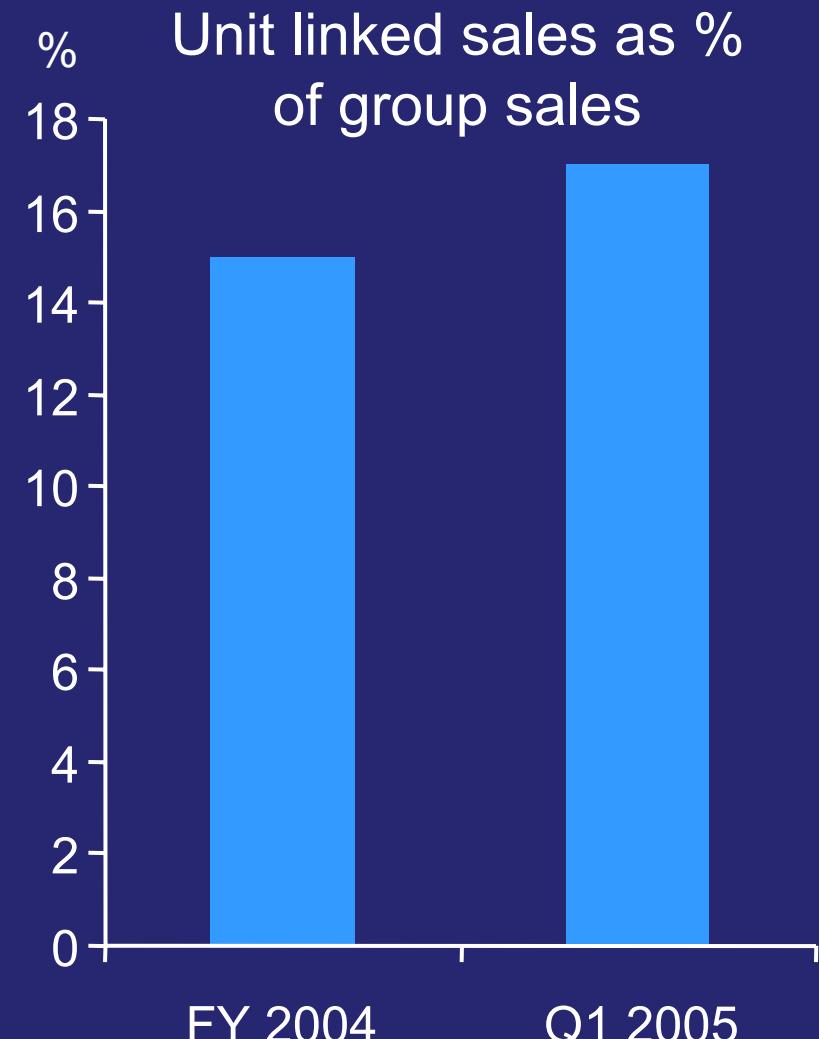


# Trends occurring in Europe

- Ongoing pension reform in France and Italy
- Strong housing market in many markets
- Low interest rate environment
- Return to equity-backed products

# Continental Europe – operational priorities

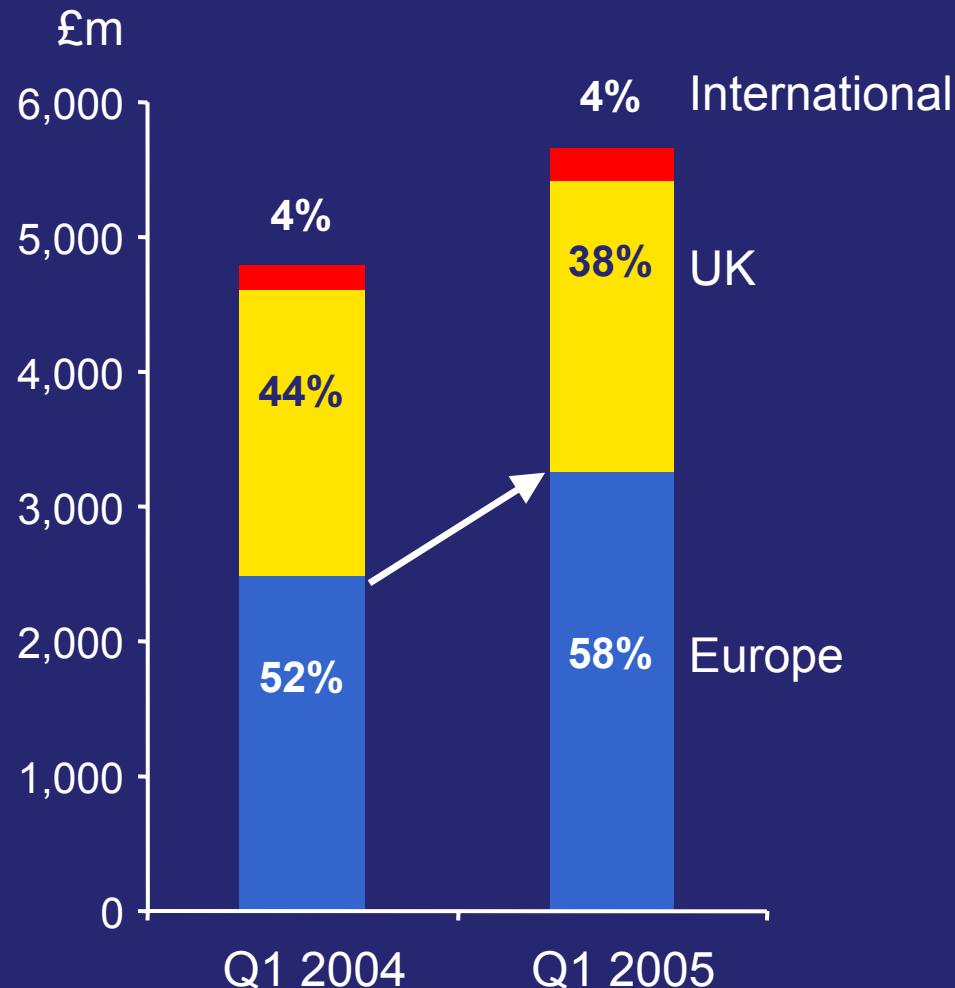
- Embedding bancassurance relationships to complement our distribution:
  - ABN AMRO in the Netherlands
  - Crédit du Nord in France
- Focus on driving efficiencies in these businesses by using common platforms
- Focus on unit linked business



# Asia –priorities for growth

- In China to achieve 10% of market share in each city where licensed by 2010
- To cement and further develop our distribution capabilities in India
- To maintain and build on our strong positions in Singapore and Hong Kong
- To examine the possibilities to enter other markets

# Worldwide Q1 new business strong



- Total worldwide life and pension sales up 17% to £5,659m
- Worldwide life and pension new business contribution up 18% at £197m – margins up to 3.5%
- Sales in continental Europe up 31% to 3,270m – 58% of total life and pension new business sales
- Worldwide bancassurance sales up 35% to £1,544m

**Customer confidence is returning gradually**

# Property and casualty



# Excellent P&C results: ahead of target

% of total P&C premiums		Combined operating ratios	
		2004	2003
62	UK	97%	99%
6	France	101%	102%
6	Ireland	87%	97%
8	Netherlands	95%	101%
14	Canada	97%	108%
	Group	<u>97%</u>	<u>100%</u>

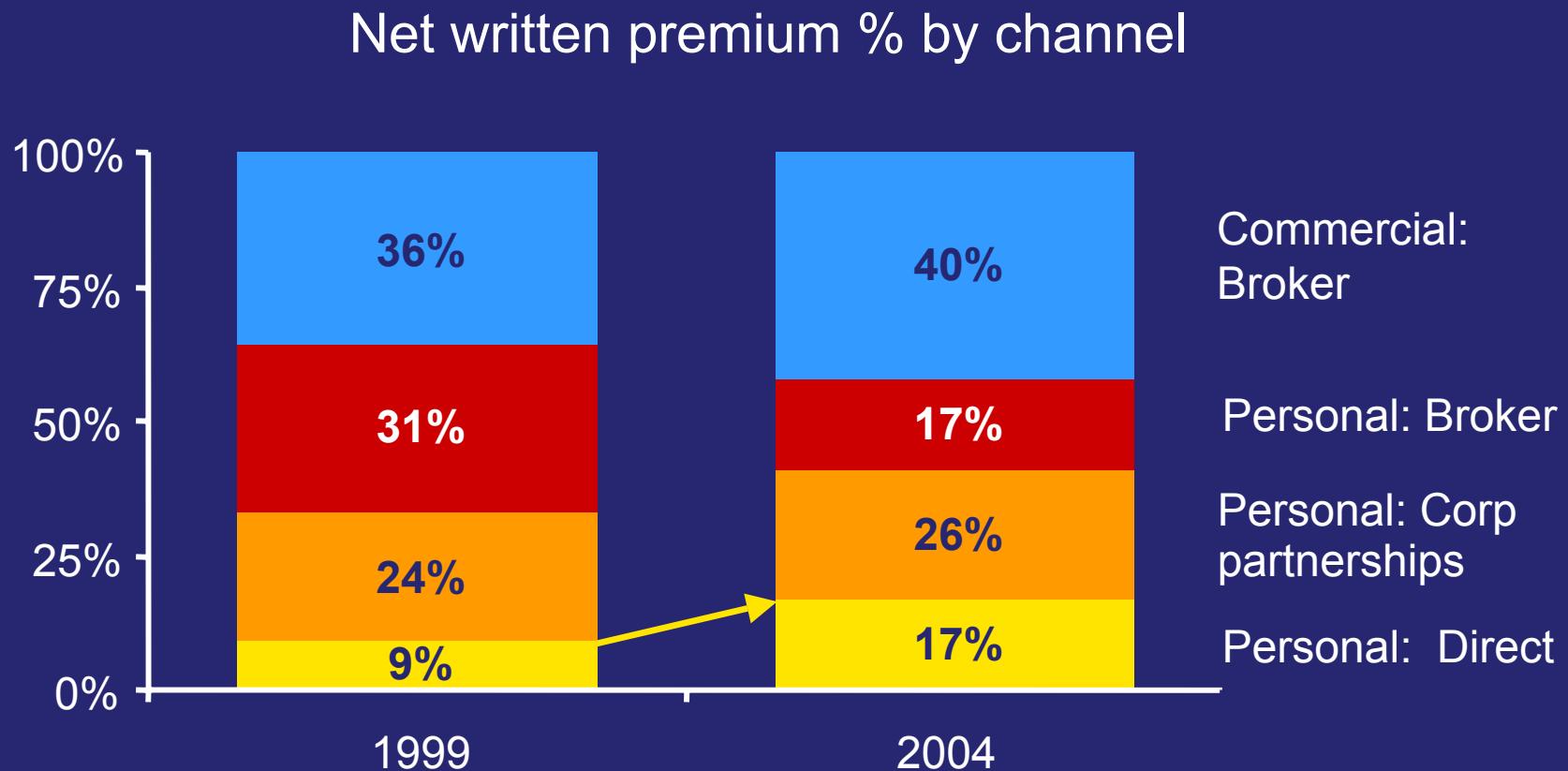
Confident of meeting COR target of 100% in 2005 and 2006

# Property & casualty priorities

- Disciplined underwriting as the underwriting cycle slowly turns
- Meet or beat 100% COR target in 2005 & 2006
- Substantial savings from supply chain (claims) & off-shoring
- Technical innovation
- Growing direct → sell related services
- Adding value to the insurance offer

# UK P&C: multi-channel

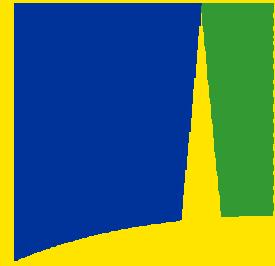
- Growing direct personal lines business
- Over 40% of book is “direct”
- Converting 500,000 policies from HHH to NU Direct in 2004/5



# Aviva: a thriving business

- Strong growth in profits
- Brighter outlook for long-term savings
- Strong and sustainable outlook for property & casualty
- Underpinned by a value-creating brand portfolio
- Healthy dividend growth and cover

**Aviva is financially fit and strongly positioned for profitable growth**



# AVIVA

## Questions and Discussion