

Aviva Full Year Results 2020

Amanda Blanc, Group CEO

Hi everyone.

Eight months ago, we embarked on a radical and exciting plan to transform Aviva. I said we would focus the portfolio, transform performance and improve our financial strength. It is a bold strategy and at the time, some said we couldn't do it, that Aviva was too big and complex to 'fix'. I asked them to judge me, to judge us all, on our performance against those ambitions.

So, eight months in, how have we done?

Focus the portfolio

I said we'd focus the portfolio on the businesses where we have the strongest market positions - the UK, Ireland and Canada. We've made great progress on that front. Our businesses in France, Singapore, Hong Kong, Indonesia, Vietnam, Turkey and Italy, as we've just announced this morning have moved, or will shortly move, to new ownership. I've always said these are great businesses, but I've also said there may be better homes for them than Aviva. I know we absolutely have found the right partners for all of them.

These sales give us the opportunity and the resources to concentrate our efforts on our three core markets where we are very confident we can be the leading player. They have strengthened our financial position and realised significant value for our shareholders.

Transform our performance

Our second priority is to transform our performance. Again, we're making good early progress here. Despite all the challenges 2020 threw at us, trading has been robust, and we have had some top performances in our key growth areas:

- 8% year-on-year growth in commercial lines
- A record of £6bn of BPA new business sales
- And £8.5bn of savings and retirement net flows

Other parts of the business, such as Personal Lines, Individual Protection, and Aviva Investors, performed less well and we need to do better. We know where the issues are, and we are addressing them.

We're on track to deliver £300m cost savings by the end of 2022, with £180m achieved so far. And all of this contributed to £2.5bn of operating profit and £1.4bn of cash remitted to the group from our core markets. Our performance is improving, and while we've got a long way to go yet, the early indications are good.

Financial strength

Finally, our third priority is improving our financial strength. We continue to benefit from a robust balance sheet, and a healthy capital surplus and cover ratio. Addressing our debt leverage is a key part of restructuring the group so I'm delighted to say that, thanks to the sale of our non-core assets, we will reduce our debt by £1.7bn during the first half of 2021. We're also announcing a Full Year 2020 dividend of 21p per share, with a final dividend of 14p per share. This is in line with our stated intent to deliver a sustainable, ordinary dividend for our shareholders. So far, so good. It's clear we are doing what we said we would.

But let me be very clear - there is a long way to go until we fully unlock the true potential of Aviva for our customers, our shareholders and our people. This is just the start. Ultimately everything we do is centred around the needs of our customers. Aviva is the only insurer in the UK that can serve all our customers' needs, at every stage of their lives. That's a unique ability and we need to make much better use of that than we have in the past.

We are determined to help more customers and satisfy more of their needs. But we can only do this if we stick to the plan and execute it brilliantly and consistently. We can only do this if we remain focused on what our current and future customers want. Which is: fair prices, a trusted brand that delivers on its promises, excellent service and ease of access to a company that acts in a sustainable and responsible way. It's

actually pretty simple. So, we're going to press on with simplifying, automating and digitising what we do to ensure that we can meet those expectations.

There are material opportunities to build upon our success and deliver growth: Commercial and Personal Lines, Savings & Retirement, Workplace Pension, Bulk Purchase Annuities. We will allocate our capital and target our attention towards these opportunities.

We're going to keep working on bringing this business together, creating a culture that sees people rather than policies and recognises that behind every interaction and every spreadsheet there is a real life with real needs.

We'll soon be relaunching our brand to ensure that not only does it better reflect what all of Aviva does but that it has genuine meaning and value to the lives of our current and future customers. And, as we announced this week, we're going to raise our ambition on sustainability, aiming to be a carbon net zero business by 2040. That is a huge challenge, probably the most difficult thing we have ever taken on at Aviva. But as with everything we are trying to do here, it has to be bold, it has to be stretching because to be number one, to be the leader in our markets, sometimes we have to take a deep breath and just go for it.

These are exciting times to be part of Aviva – we are doing important things that will have lasting consequences. I know that, at times, this may be daunting, yet the only way to have the kind of business we all want is to challenge ourselves constantly to find a better, more efficient or exciting way of doing things. You know I have big ambitions for Aviva. There is still a long way to go, but much to get excited about in the months and years to come.

So, I would like to finish by thanking everyone at Aviva, for everything you have done. It is only because of you, your belief in what we are doing and your determination to make it work, that we are able to close 2020 on such a positive note.