

Aviva plc

Cash flow plus growth...Upgraded
Capital Markets Day 2017

Disclaimer

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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.

Mark Wilson

Aviva plc

Group Chief Executive Officer

Cash flow plus growth...Upgraded



Leading franchises

Disposals complete

Quality and focus

Underlying growth



Growth

Growing share

Composite delivering

Better earnings quality

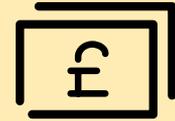


Digital

Leading IP

Partner of choice

Enhanced efficiency



Capital

De-leveraging

Bolt-on M&A

Capital returns

Composites win in a digital world



More data

Superior insight

Cross-underwriting

Positive risk selection



Lower cost

Scale

Customer acquisition

Administration



More capital efficient

Diversification benefit

Lower volatility

Higher margins



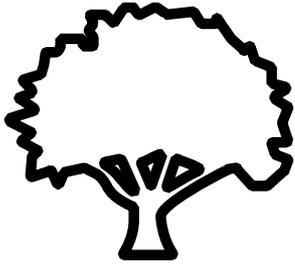
Deeper relationships

Capturing value chain

Multi-product

Higher retention

Quality oaks



“We are focused on 8 attractive, growing markets where we are, or have the potential to be best in class. It is these businesses that will underpin cash flow plus growth”

France

Cash generator underpinned by strong distribution

Canada

Leading general insurance franchise with high ROE

Poland

High ROE business with strong distribution and digital credentials

Italy

Rebounding economic opportunity providing strong net flows

Ireland

A leading brand in a growth economy with accelerated development of the composite model

Singapore

Accelerating development of the financial advisor channel in an attractive growth market

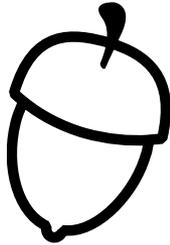
Aviva Investors

A strong growth engine underpinned by increasing third party assets and positive cost-income jaws

UK

#1 composite providing a core growth engine and high levels of sustainable cash flow

High potential acorns



“We have made a number of strategic bets that will accelerate growth and provide increased value over the long term”

Digital

Leading IP being rolled out across our markets, with scope for further commercialisation

China

Delivering strong growth in sales and operating profit in one of the world's largest insurance markets

Hong Kong

Joint venture with Tencent and Hillhouse focused on digital disruption

Turkey

Leading position in the life and pension market and exposure to a large, young and growing population

Indonesia

Bancassurance venture in an underpenetrated, high growth emerging market

India

Reassessing options given changes in market fundamentals

Vietnam

Leading business in one of the fastest growing Asian economies

Corporate & Specialty

Selective expansion provides a natural extension to our existing strength in retail and commercial lines

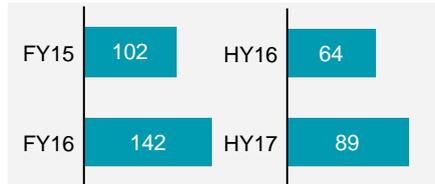
Building track record of outperformance in the UK

Performance*

Track record

Growth drivers

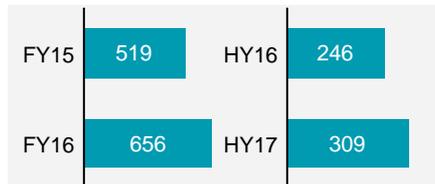
Long-term savings



- 39% year on year growth*: workplace pensions leader
- Advisor platform: 10% share of net flows

- Auto-enrolment
- DB to DC
- Grow platform share
- Savings assets: 11% CAGR

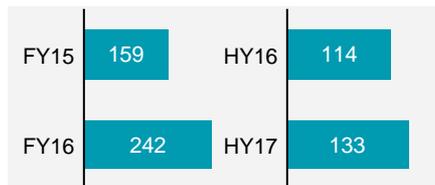
Annuities and Equity Release



- 26% year on year growth*
- Mid-20% market share in individual annuities & equity release
- Only 5% share of BPA

- DB de-risking: £1.3tr market
- Increased BPA appetite
- Asset optimisation £14bn

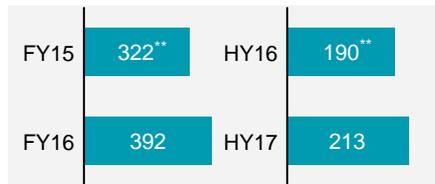
Protection



- Strong double digit growth*
- c20% share in individual and group protection
- Leading distribution

- Modest growth segment
- TCC opportunity
- Expense and pricing discipline

General insurance



- NWP: high single digit growth
- Digital direct NWP: double digit growth
- Reported COR: 93-95%***

- Digital direct
- Partnerships

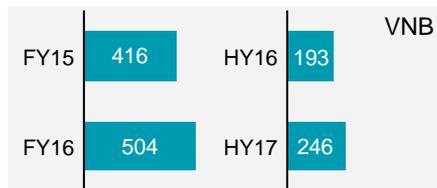
Consistently delivering growth outside the UK

Performance*

Track record

Growth drivers

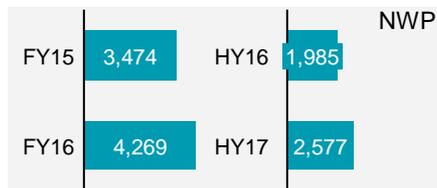
International Life



- France: 47% UL & Protection
- Poland: #2 with attractive returns
- Italy: €2bn+ net inflows p.a.
- Ireland: #4 Life (pre Friends First)
- Turkey: doubled operating profit (HY17)

- Diverse distribution
- Product development (e.g. hybrids)
- Pensions reforms
- Attractive demographics
- Friends First

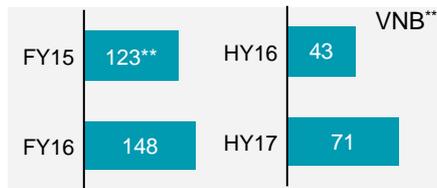
International GI



- Canada: #2 with 11% market share
- France: Eurofil #2 direct GI player
- Ireland: market leader (15% share)
- Consistently attractive CORs

- Partnerships
- Digital disruption
- Channel diversification
- Hardening market

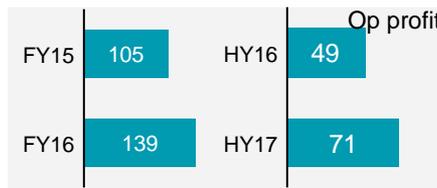
Asia



- Attractive mix: 51% protection
- Singapore: >500-strong FA network
- China: VNB x2 at HY17

- Disruptive strategies
- Partnerships (Tencent, Astra & VietinBank)

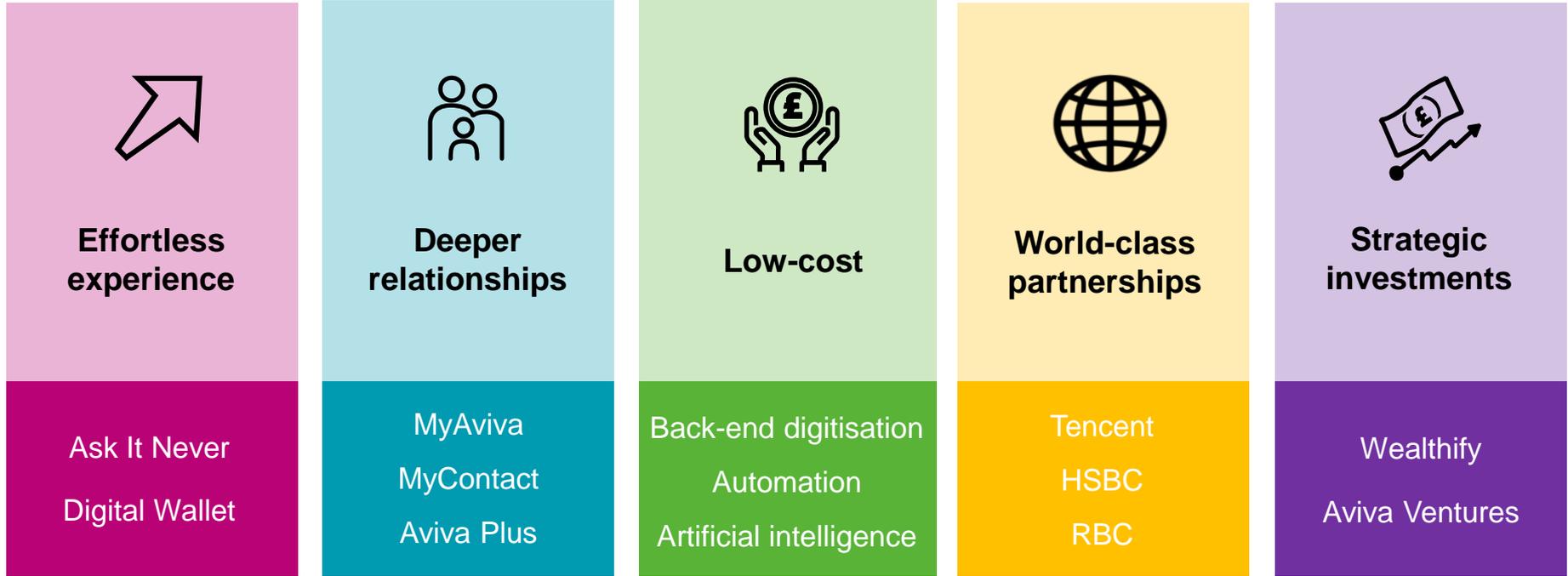
Aviva Investors



- Operating profit: 45% growth at HY17
- AIMS: AUM x3 at HY17 (vs. FY15)
- HY17 operating margin: 26% (+6pp)
- HY17 external revenues: 35% total (+5pp)

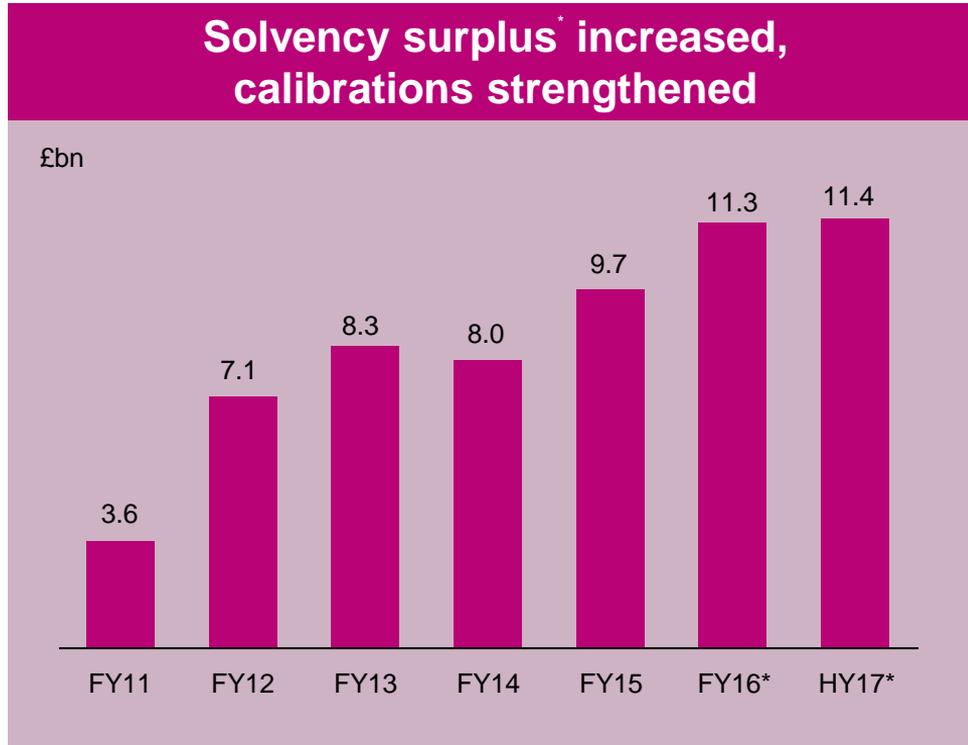
- Increased 3rd party AuM
- Product diversification
- Positive cost-income jaws

Leading IP and enhanced efficiency



How to measure success? digital interactions and revenues

Excess capital, excess cash



Remittances (2016-18)

£8bn

Cash to deploy

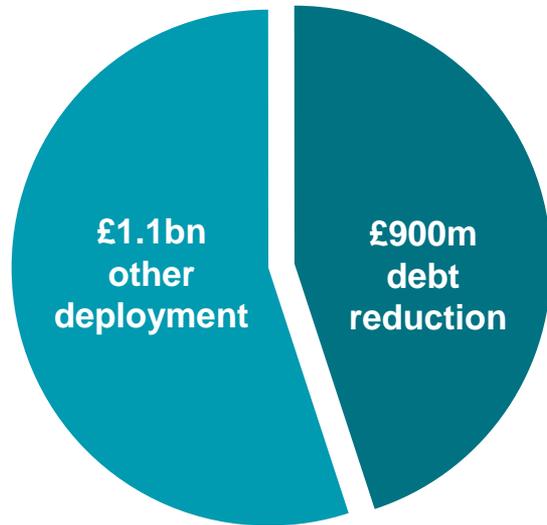
£3bn

£2bn (2018e)

£1bn (2019e)

Excess cash deployment fuels additional growth

2018e – £2bn



£900m debt reduction

Interest cost savings >£100m pa

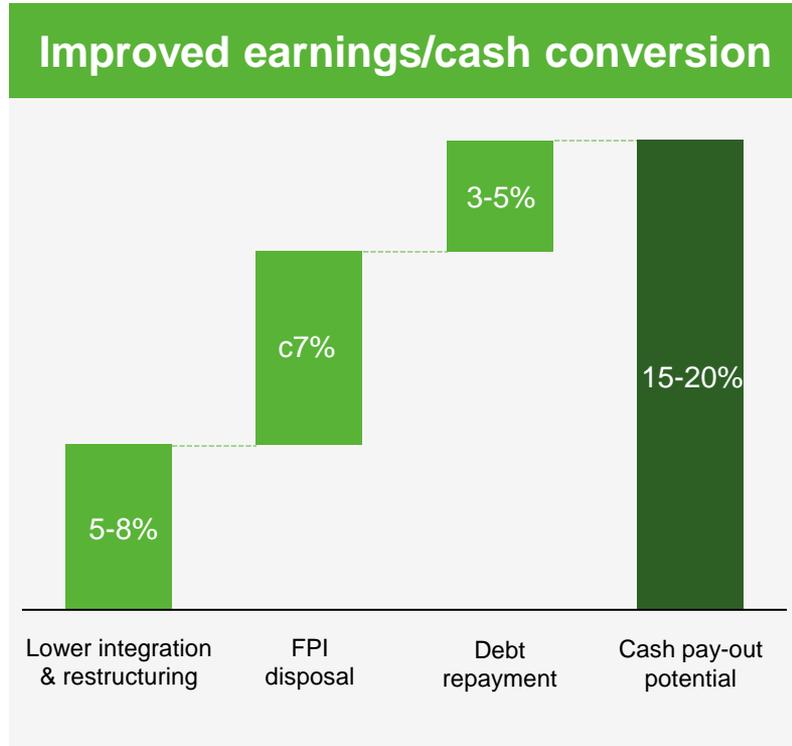
3-4% de-leveraging

£1.1bn other deployment

Bolt-on M&A

Capital returns

Improved cash pay-out potential underpins higher sustainable dividend



2017: 50%
target pay-out ratio

2020: 55-60%
target pay-out ratio

Cash flow plus growth...Upgraded



Operating EPS

Mid-single digit growth
in the medium term

Aiming higher



Cash

£7bn cash remittances
2016-18 inclusive

£8bn



Dividend

pay-out ratio target
50% (2017)

55-60% (2020)

Tom Stoddard

Aviva plc

Chief Financial Officer

Our financial priorities



Earnings

Improving quality
Increased ambition



Capital & Liquidity

Maintain strength
Accretive deployment



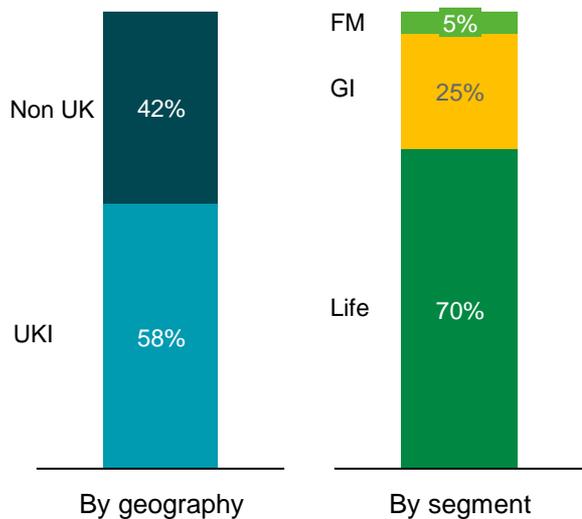
Dividend

Sustainable
Consistent growth

Cash flow plus growth...Upgraded

Diversified portfolio

%FY16 market operating profit
(adjusted for disposals*)



UK
Canada
Italy
Singapore

France
Poland
Ireland
Aviva Investors



Digital
Hong Kong
Indonesia
Vietnam

China
Turkey
India
Corporate & Specialty

Winning positions

Control over destiny

TCC / Digital First

Consistent cash plus growth

Disruptive strategies

First-class JV partners

Digital / Distribution expertise

Accelerated growth options

Cash flow plus growth: UK Insurance

#1 Composite*

#1 ind. Annuities #1 workplace #1 GI
#2 equity release #4 platform (net flows) #2 protection

- Double digit growth** across all core segments
- Single operating model
- Building track record for exceeding targets

Leveraging growing UK pension pools

- BPA opportunities from DB de-risking
 - Market leader on small BPA deals (<£300m)
 - Superior skill set to be major player across whole market (£600m Pearson win)
- Fast-growing long-term savings profit pool driven by workplace & platform

Outperforming on Capital / Cash

- Asset optimisation towards illiquids
- Prudent risk management: hedging & reinsurance
- Part VIIs completed: capital & cash upsides expected
 - ➔ £4-4.5bn cash expected vs. £3.5-4bn target 2016-18

Longevity

- Prudent reserving policy, reflecting customer base's profile
- Material slowdown in mortality improvements experienced over last 4Y with CMI16 further reflecting this
 - ➔ Upside potential while maintaining prudence

Cash flow plus growth: France

#2 contributor to Group*

- Leadership in 5 distribution channels
- Composite: Life, GI & Aviva Investors
- New management making impact
- Sale of Antarius for 16.4x net earnings in 2017

Transformed strategy

- Single brand; 4 customer propositions
- Maintain focus on risk products
- Offer attractive & alternative savings products
- Disciplined digitalisation across all channels

Optimise capital & cash

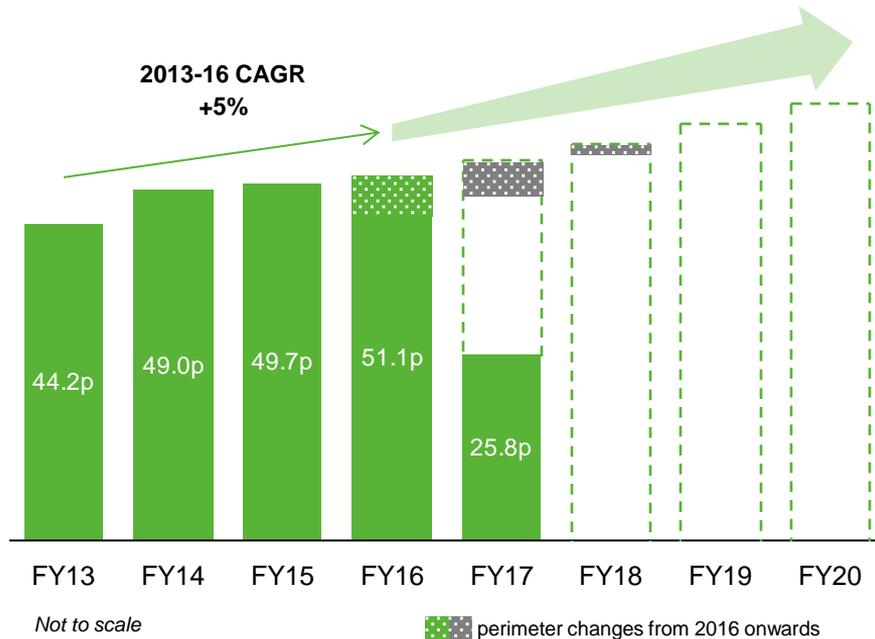
- DVA application in progress in France
- French supplementary pension funds (FRPS**) in 2018 to enable better risk management
 - ➔ Potential benefits to local capital
 - ➔ Supports dividend-paying capacity to Group

Interest rates

- Asset returns comfortably above average guarantees
- Downwards trends in both crediting & guarantee rates
- Further optimise product mix
- On-going management

Growth ambition >5% p.a. 2019 onward

Operating EPS



Headwinds

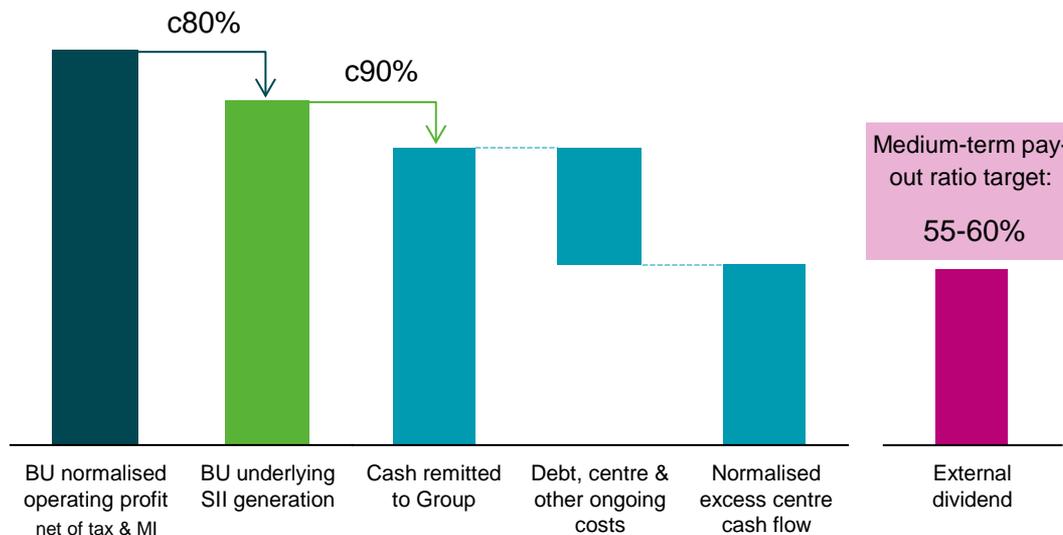
- Perimeter changes: FPI, Spain, Antarius & Banco BPM
- Canada in 2017
- Change spend (IFRS17, IT etc.)

Tailwinds

- + Organic growth in major markets
- + Investment optimisation & backbook actions
- + Capital returns
- + FX in 2017
- + New partnerships & acquisitions: HSBC UK, Ireland, Tencent, Wealthify

Profit growth converting to strong capital & cash generation

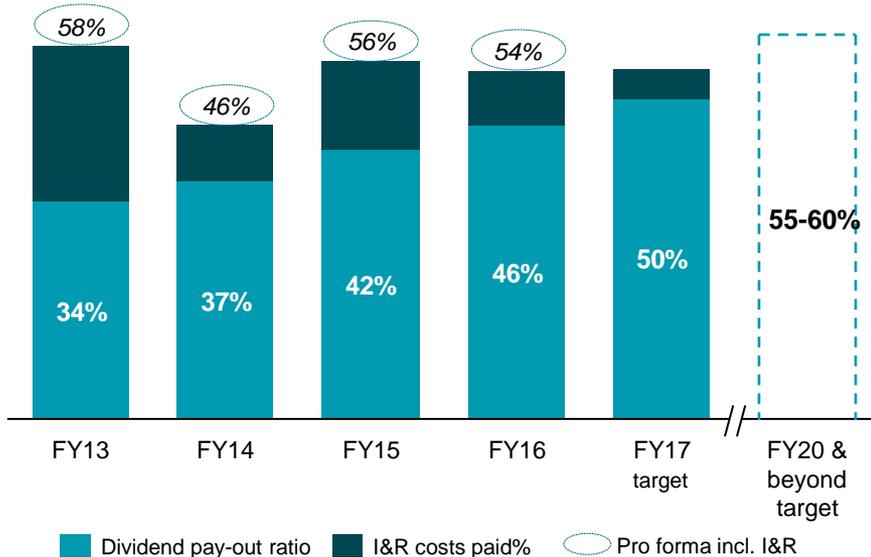
High conversion ratios support dividend growth



- c80% of BU operating profit after tax & MI converts to capital surplus (OCG)
- c90%+ of BU OCG converts to cash remittances
- SII life new business now largely self-funding
- Underlying trend underpins SII cover ratio at or above current levels
- Other capital actions likely to boost SII ratio further in 2017-19 and may temporarily distort timing & conversion ratios
- Operating EPS growth ambition >5% p.a. from 2019 onward

Why increase pay-out ratio target?

Pay-out ratio: 55-60% 2020

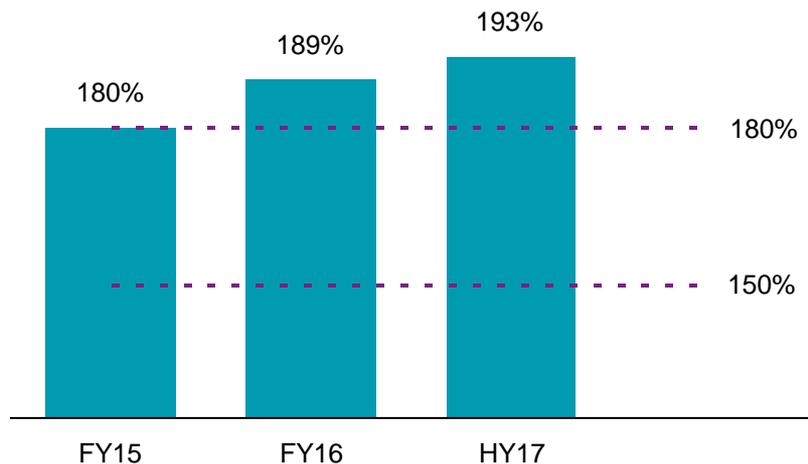


1. Enhanced capital generation & cash flow as business units optimise for SII
2. Improved quality of earnings
 - Eliminating cash drain of below-the-line integration & restructuring costs
 - Divesting cash-poor FPIL earnings
3. Savings from paying off expensive debt in 2017 & 2018

Strengthened capital position and upgraded ratings

SII cover ratio

Shareholder basis



Moody's	Aa3	Stable
Fitch	AA-	Stable
S&P	A+	Stable
AM Best	A	Stable

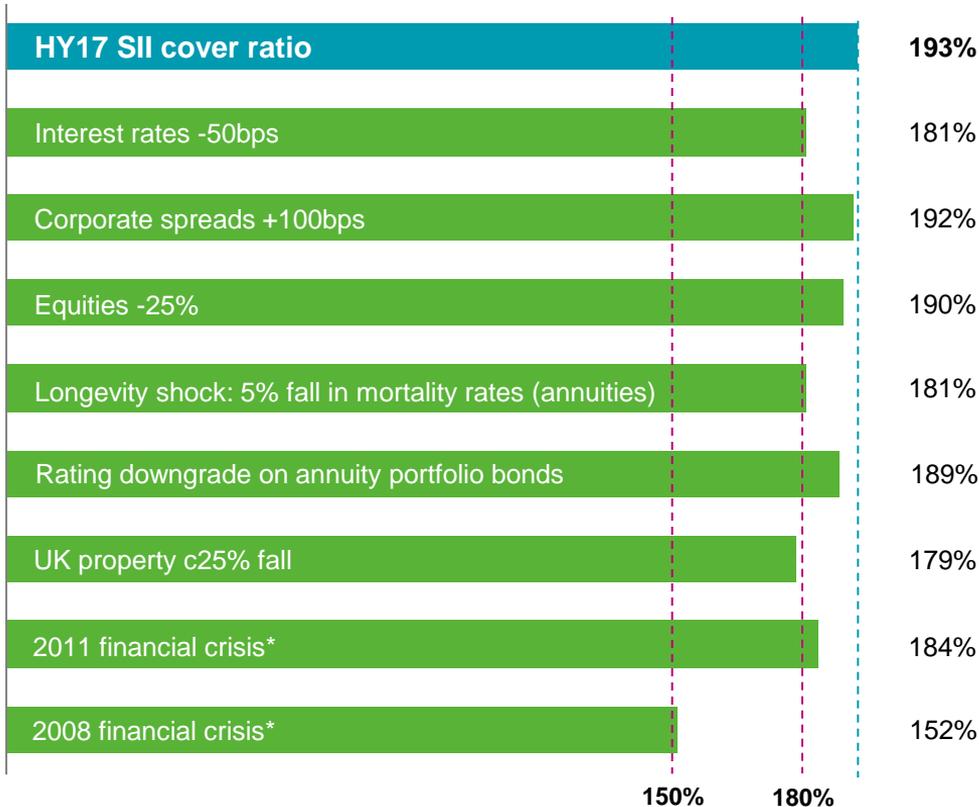
£300m

2017 share buy-back complete

\$650m

8.25% RT1 notes redeemed

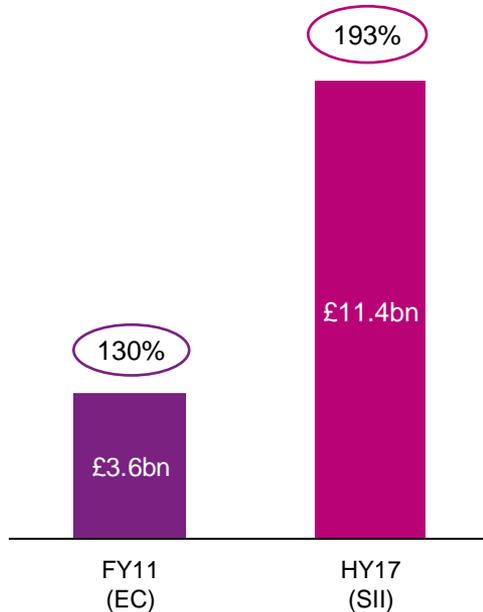
Capital resilient to stress



- Well capitalised
- Tightly matched
- High quality investment portfolio
- Well positioned to respond to market fluctuations
- Within working range across all sensitivities, incl. 2008 & 2011 financial crises

Industry-leading financial risk management

Capital surplus



High quality investment portfolio

(shareholder assets)

Debt securities



Commercial mortgages



Hedging

- Strategic hedges protect balance sheet and support efficient capital allocation
 - Macro credit & equity hedges
 - Interest rates, inflation & FX risks mitigated through matching, incl. derivative programmes
- Tactical hedging around specific events

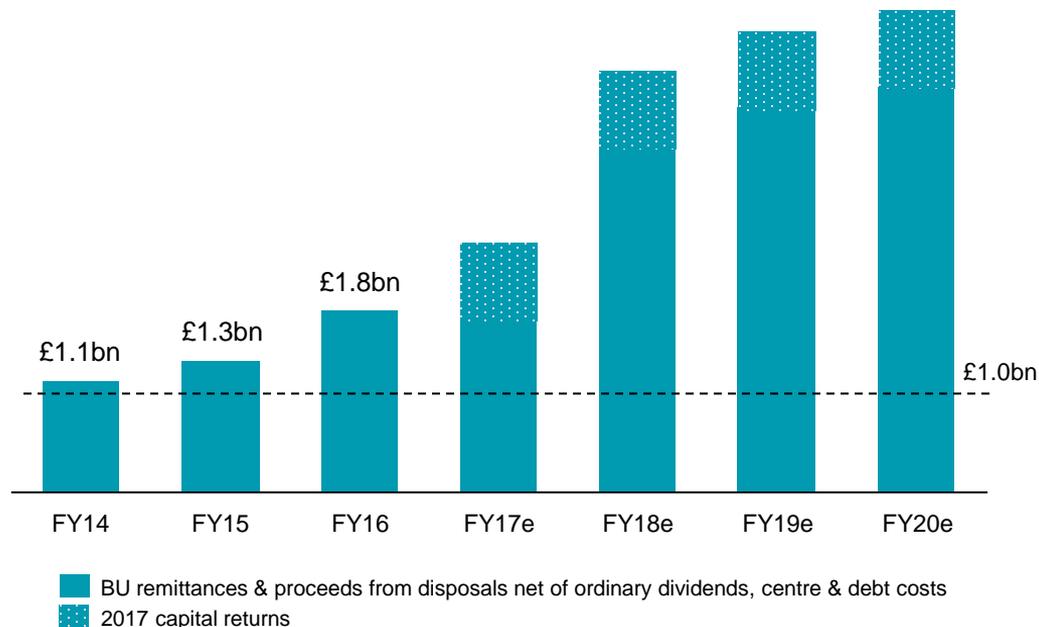
Reinsurance

- Group-wide catastrophe reinsurance programmes
 - Per event: £150m retention (UK)
 - Aggregate: £175m retention (Group)
- Specific reinsurance (e.g. latents)

Building cash capacity for redeployment

Liquidity before capital redeployment

Not to scale



2017

£0.8bn

redeployed

2018e

£2.0bn

available for redeployment

Liquidity management

Maintain both:

- Centre assets within £1.0-1.5bn range
 - Liquidity coverage ratio ('LCR') >100%
- Forward look over 2 years under 1-in-15 stress*

Expect to redeploy £2bn excess cash in 2018

2017

2018e



Strong operating generation supporting dividend & organic growth



£0.8bn returned to debt investors & shareholders in 2017



Small scale strategic investments

£0.9bn	Disciplined	>£0.5bn
<p>1. Deleveraging</p>	<p>2. Bolt on M&A</p>	<p>3. Capital returns</p>
<p>Hybrid debt repayment</p> <ul style="list-style-type: none"> • €500m 6.875% T2 (May*) • \$575m 7.875% RT1 (November*) <p><small>*Optional first call dates</small></p>	<ul style="list-style-type: none"> • Focus on major markets • Strengthen positions • Friends First Ireland acquisition to complete in 1Q18 (€130m) 	<ul style="list-style-type: none"> • Liability management • Returns to shareholders • Not mutually exclusive

And another £1bn in 2019

2019e

Beyond

£1bn for discretionary deployment

SII ratio trending above working range

Capital returns

- Dividend remains paramount
- Returns to shareholders
- Continued focus on optimising cost of debt

Bolt on M&A

- Focus on major markets
- Reinforce our winning positions
- Disciplined approach

Cash flow plus growth...Upgraded



Operating EPS

Mid-single digit growth
in the medium term

Aiming higher



Cash

£7bn cash remittances
2016-18 inclusive

£8bn



Dividend

pay-out ratio target
50% (2017)

55-60% (2020)

Maurice Tulloch

Chief Executive Officer
International

Growth ambition in International



Focused footprint

Significant positions in
some of the world's
largest insurance
markets



Partnerships

Strong and diversified
distribution



Growth

Building a
track record

Aviva International's business



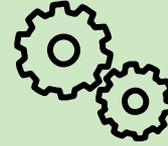
Operating profit*

£1.3bn
36% of group



VNB* and NWP*

VNB - £0.5bn
37% of group
NWP** - £4.3bn
52% of group



**Operating Capital
Generation***

£1.3bn
38% of group



Cash*

£0.6bn
35% of group

The International markets



- World's 5th largest insurance market
- Leadership in 5 distribution channels



- World's 8th largest insurance market
- #2 in GI



- #2 in Life
- Great ROE



- World's 7th largest insurance market
- Fast growth #12 to #7 in 2016



- Operating profit more than doubled (HY17)
- Auto-enrolment & TCC opportunity



- #1 in GI, #4 in Life
- Highest GDP growth in Europe

Accelerating our ambition in Ireland



- Superior brand
- 800k customers
- Proven growth and underwriting expertise

- €130m consideration
- 250k customers
- Market leader Group Risk and Protection

Market leading composite insurer

- ✓ #4 Life insurer
- ✓ #1 GI insurer
- ✓ 1.1m customers
- ✓ Scale benefits
- ✓ Attractive composite product offerings
- ✓ Accelerated growth

Strong diversified distribution and partnerships

France

Owned channels

- ✓ #2 Direct GI
- ✓ #2 FA network

Key partners

Canada

Owned channels

- ✓ Small Direct GI
- ✓ Select owned brokers

Key partners

Poland

Owned channels

- ✓ #1 Life Direct Sales Force
- ✓ #2 FA network

Key partners

Italy

Owned channels

- ✓ Developing strategy

Key partners

Ireland

Owned channels

- ✓ Direct GI

Key partners

Turkey

Owned channels

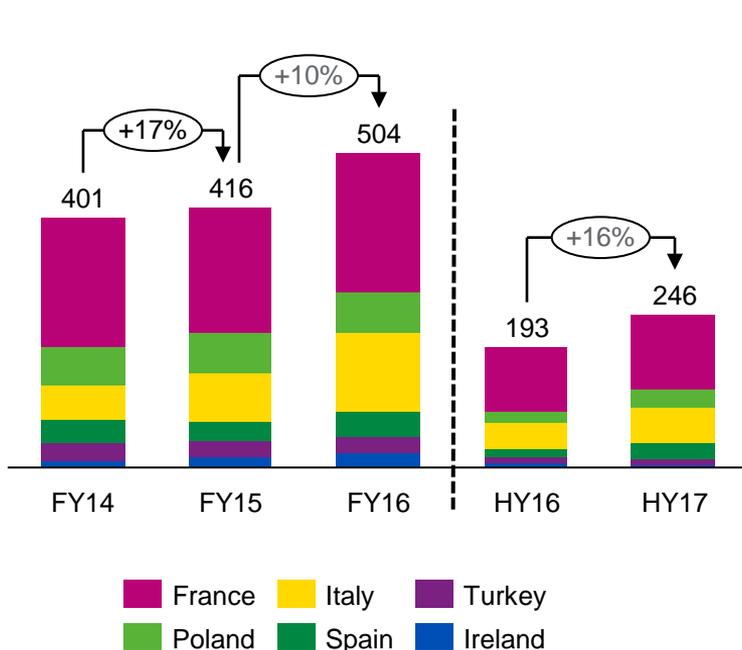
- ✓ #1 direct sales force
- ✓ Growing agency network

Key partners

Consistent delivery in International

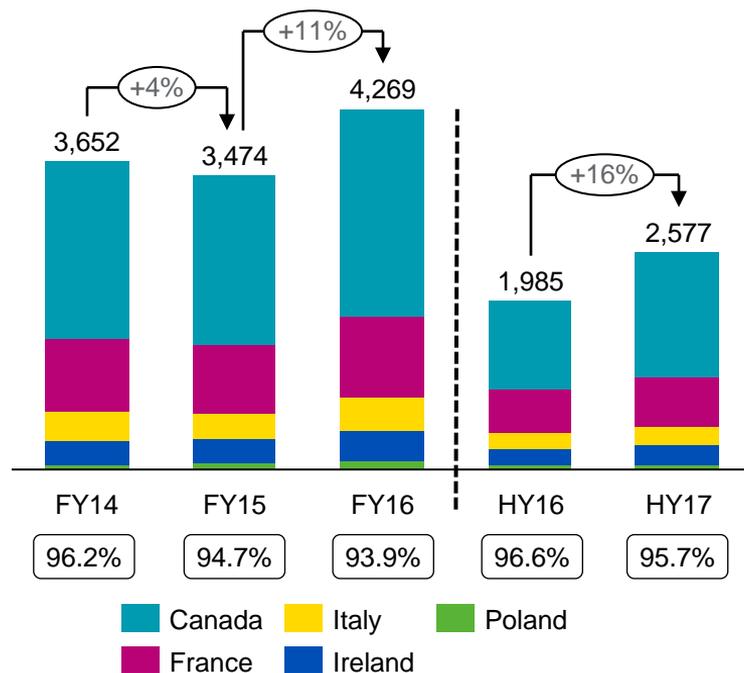
Value of new business*

£m



Net written premium* and COR**

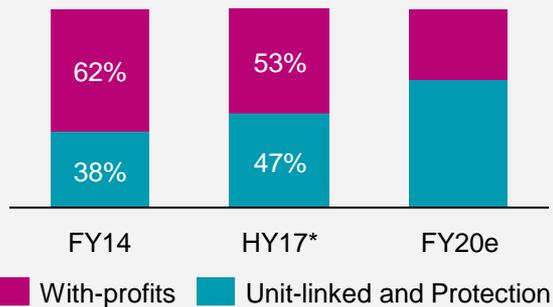
£m



Rebalancing to capital-lite

Efficient new business mix

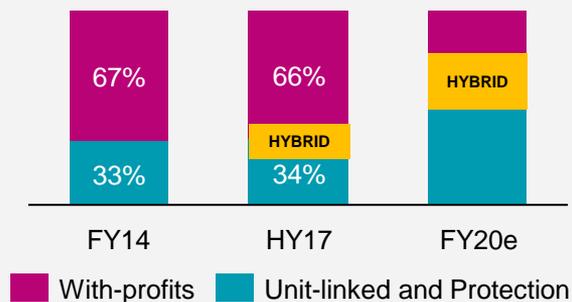
France



Low guarantees



Italy



Growth ambition in International



Focused footprint

Significant positions in some of the world's largest insurance markets



Partnerships

Strong and diversified distribution

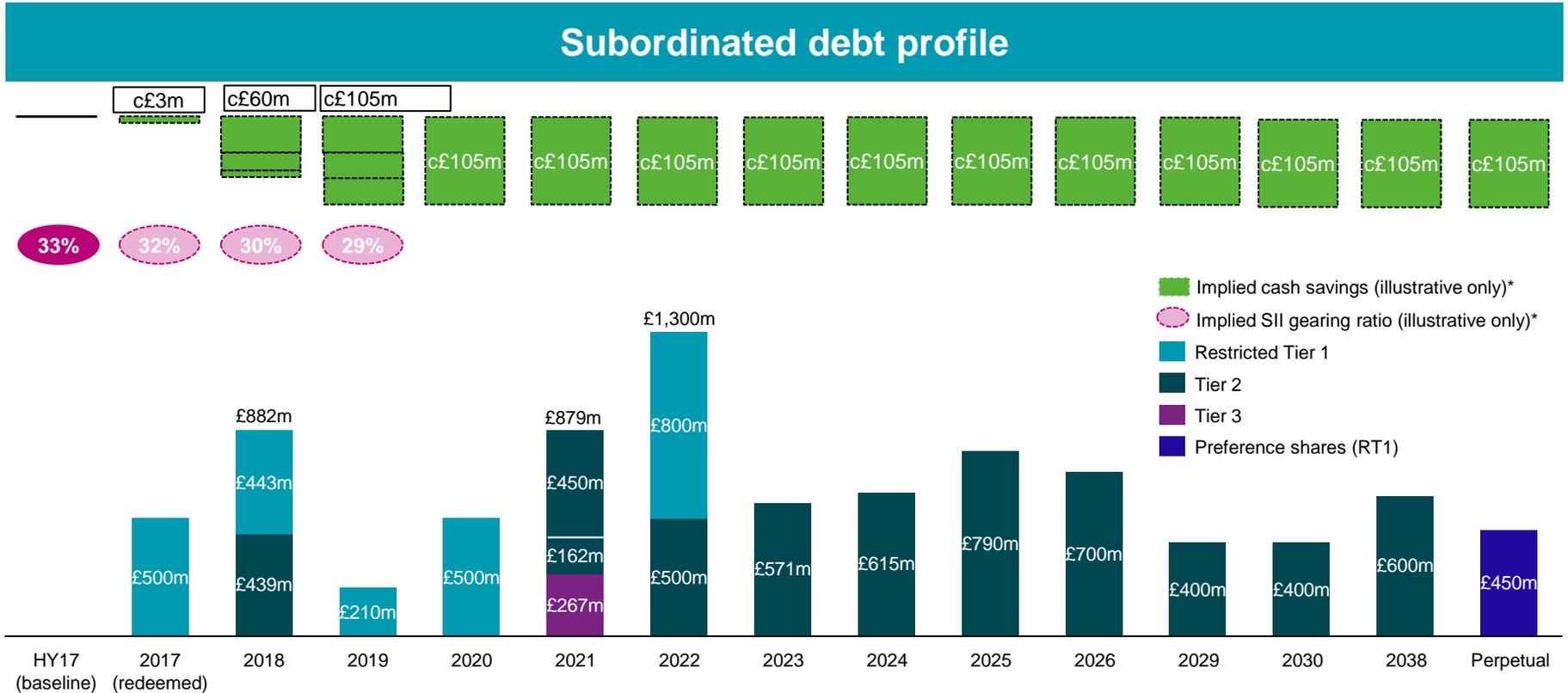


Growth

Higher than mid single-digit growth

Appendix

Potential benefits from paying back expensive debt



All debt instruments have been presented at optional first call dates at nominal values converted to GBP using 30 June 2017 rates.