Legal & General

# 2024 Full Year Results

# Forward looking statements

This document may contain certain forward-looking statements relating to L&G, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond L&G's control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisitions or combinations within relevant industries. As a result L&G's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this document should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

# Agenda

## 1. FY24 Performance and Strategic Execution

António Simões, Group CEO

## 2. Financial performance

Jeff Davies, Group CFO

## 3. Q&A with Business CEOs

Andrew Kail, Institutional Retirement CEO

Eric Adler, Asset Management CEO

Laura Mason, Retail CEO

L&G

# Full Year 2024 Performance and Strategic Execution

António Simões, Group CEO

L&G

# Strong Financial Performance in 2024

**Consistent Profit and Capital generation**

**£1.6bn**
Core Operating profit up 6%

**£1.8bn**
Capital generation

**Balance Sheet strength**

**£14.8bn**
Store of future profit

**232%**
Solvency II coverage ratio

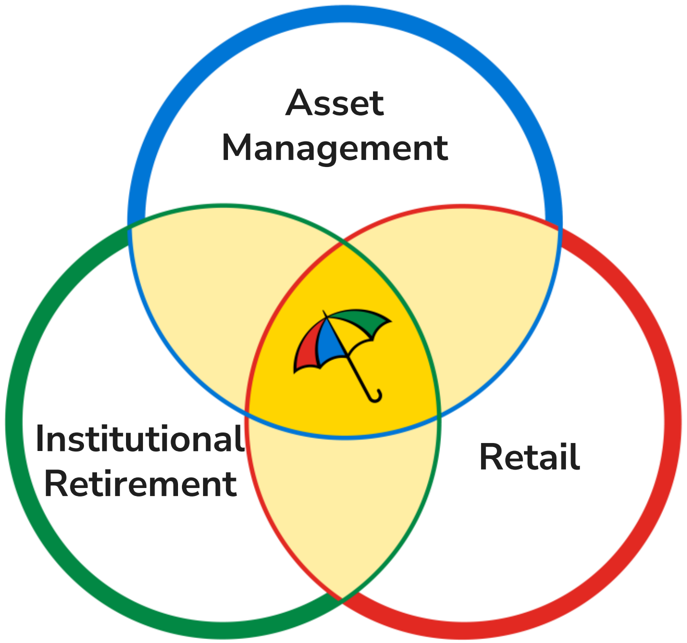
**Increased returns to shareholders**

**21.36p**
Dividend Per Share up 5%

**£500m**
Share Buyback
(2024: £200m)

L&G

# A growing, simpler, better-connected L&G




=

**Sharper Focus** → Simpler, more focused model with a rigorous approach to execution

+

**Sustainable Growth** → Well-positioned businesses with competitive advantages aligned to structural trends

+

**Enhanced Returns** → Differentiated value from Group synergies and disciplined capital allocation

# Strong progress and momentum

**Sharper Focus**

- Creation of Corporate Investments portfolio and disposal of CALA for £1.35bn[1]
- Disposal of US Protection for £1.8bn[2] and new strategic partnership with Meiji Yasuda
- Creation of a single global public and private asset manager

**Sustainable Growth**

- Institutional Retirement: Capital efficient UK PRT; record volumes internationally
- Asset Management: Revenue growth as we shift to higher fee margin products
- Retail: Strong growth in Workplace DC and record year for individual annuities

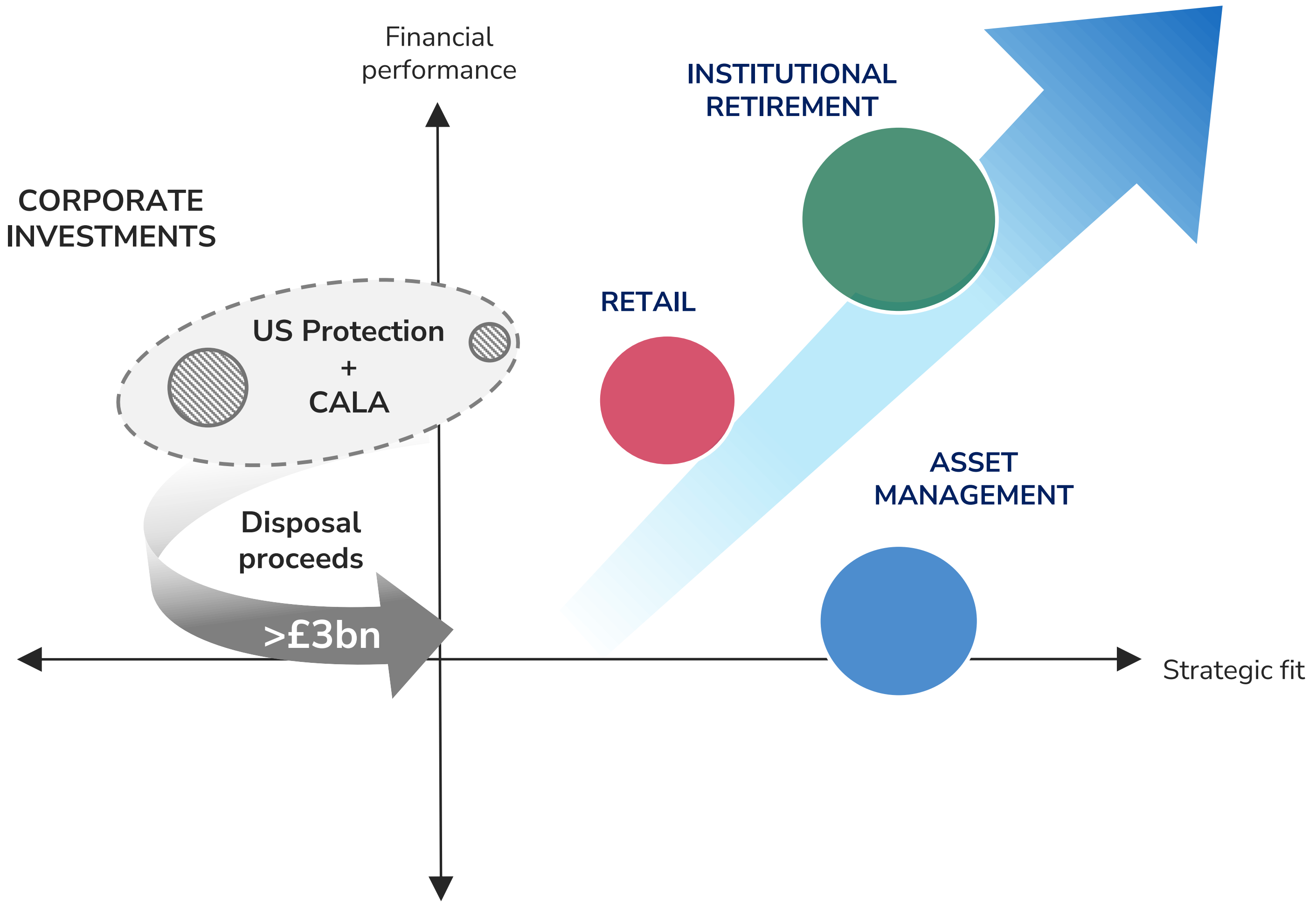
**Enhanced Returns**

- 6% growth in Core Operating Profit; 5% growth in Dividend Per Share
- Announcement of new buyback of £500m for 2025
- Returning >£5bn or 40% of market cap within next three years

L&G

1. Enterprise value.
2. Reflects the proceeds from the sale of the US Protection business and the US PRT reinsurance arrangement (where Meiji Yasuda acquires 20% of the economic interest).

# Reallocating capital for strategic growth




Investment above our 14% return on cash and capital hurdle

AND / OR

Returned to shareholders via dividends and buybacks

# Accretive transaction to drive long-term growth

Sharper Focus

L&G + 明治安田 MEIJI YASUDA

£1.8bn of sales proceeds

Attractive multiples

Strategic partnership

Underpinned by 5% shareholding

=

£1.8bn of proceeds

| | |
|---|---|
| Strengthened growth ambitions for US PRT | £0.4bn |
| + | |
| Redeploying proceeds for strategic growth at a 14% hurdle rate | £0.4bn |
| + | |
| Incremental capital return via buyback post completion | £1bn |

L&G

# Institutional Retirement: Capital efficient UK PRT

Sustainable Growth

## 2024 Execution

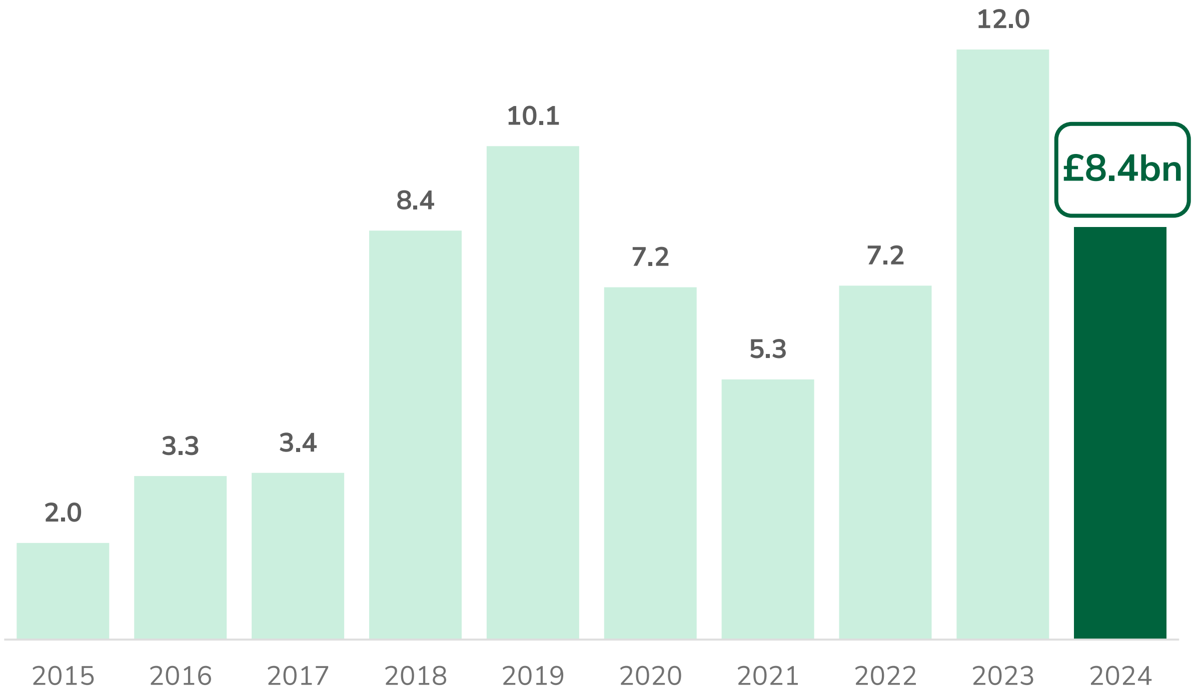
**£8.4bn**

UK PRT Volumes

**c. 1%**

New business strain on UK PRT

## Market leadership in UK PRT – deal volumes (£bn)




## Strong 2025 outlook

**£1.2bn**

Completed YTD

**12**

£1bn+ deals in 2025 pipeline

**£40bn+**

Active UK deals completing in 2025

L&G

# Record volumes in North America

Sustainable Growth

## 2024 Execution

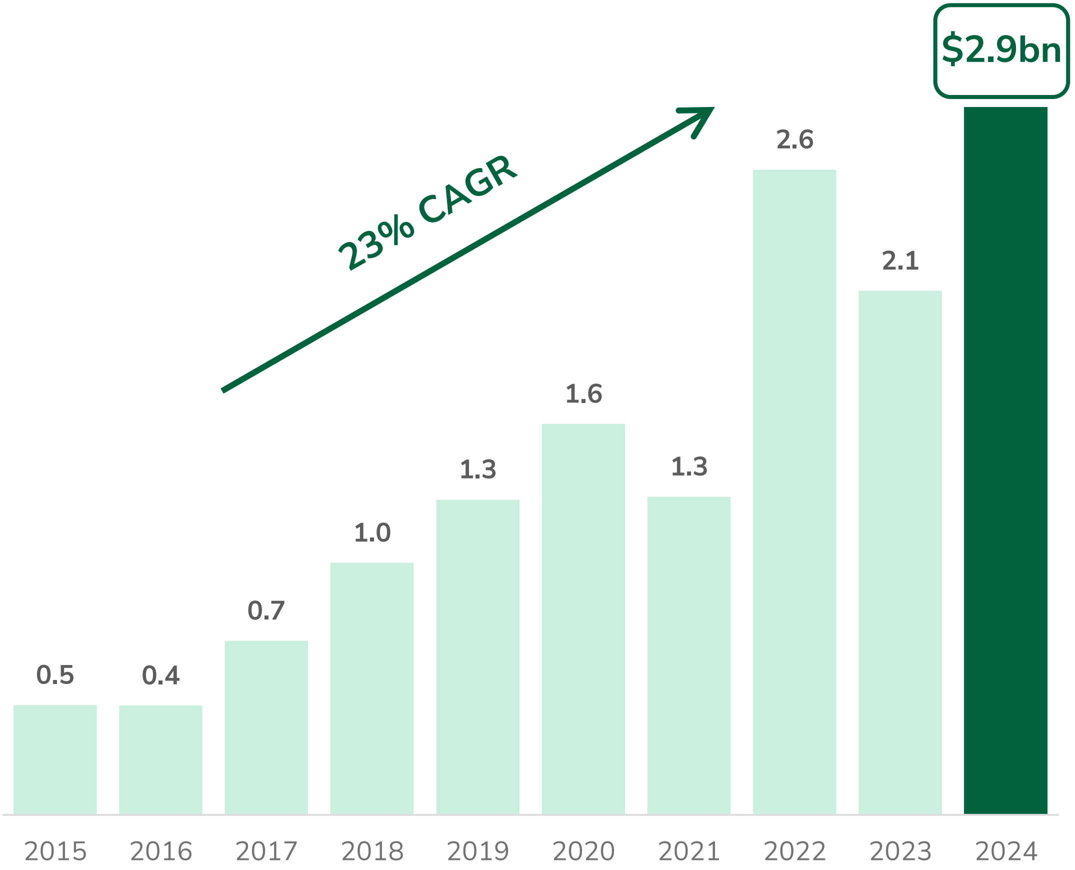
**$2.9bn**

International PRT volumes[1]

**$14bn+**

Written since 2015

## Strong growth momentum in North American PRT




## New partnership with Meiji Yasuda to scale US PRT

Two strong balance sheets committed to the business

Plans to accelerate our current growth trajectory

L&G to retain 80% economic interest in US PRT post-transaction

L&G

1. This includes $2.2bn of US PRT and CAD $1.0bn of Canadian PRT.

# Asset Management: executing against our strategy

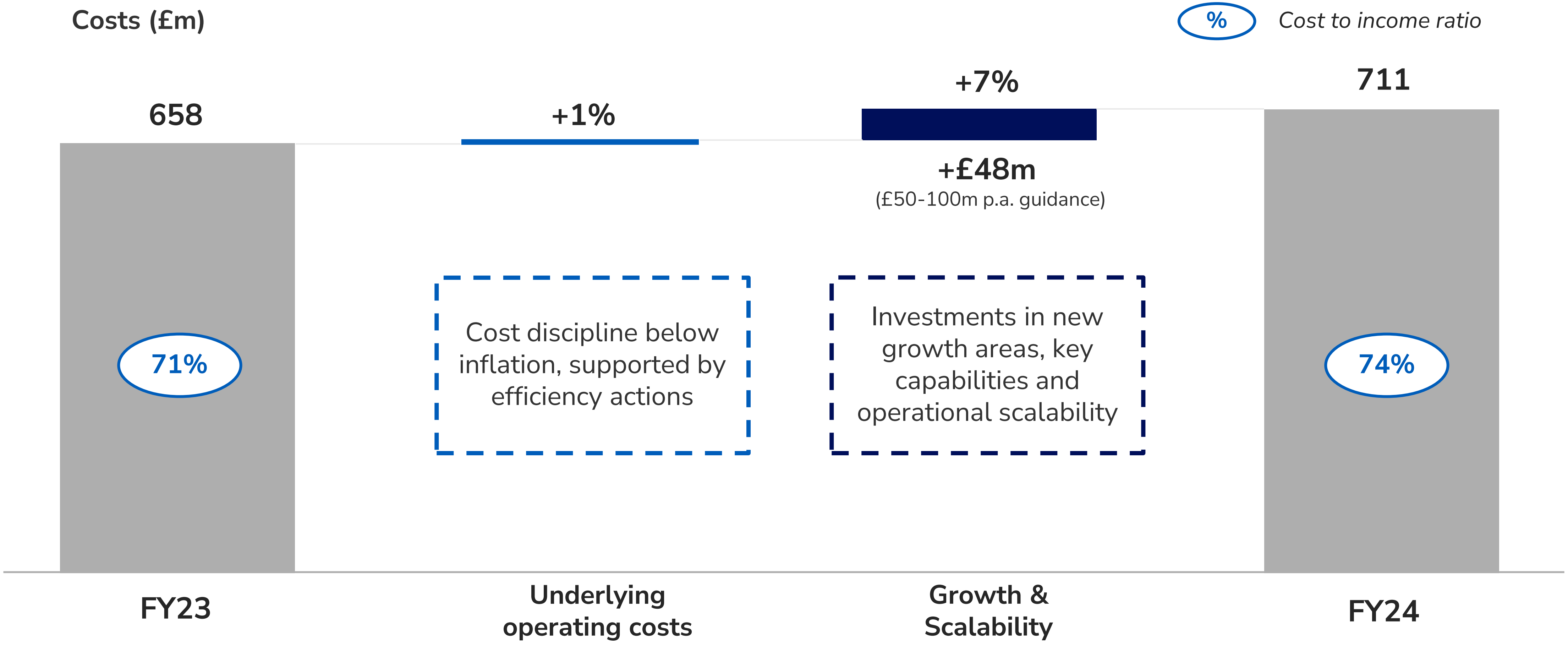
Sustainable Growth

| Our commitments from CME | Success milestones in 2024 | |
|---|---|---|
| **Creation of a global public and private markets asset manager** | • New leadership team established under Eric Adler<br>• Combination of LGIM and LGC now complete<br>• Investing in a global fit for growth operating model | **£1.1tn**<br>Global AUM |
| **Growth in fee-related revenues** | • Increase in revenue margin from 7bps to 8bps<br>• Shift to higher fee margin products<br>• Built-in demand from synergies with other divisions | **8.4 bps**<br>Average fee rates |
| **Expansion of our Private Markets proposition** | • New funds delivering £20bn assets by 2028[1] at 50-90bps<br>• £1.2bn of external commitments across new funds<br>• US capability expansion via strategic investment in Taurus | **£57bn**<br>Private Markets AUM |

1. Forecast assets created for L&G balance and third-party capital strategies.

# Investing for growth in Asset Management

Sustainable **Growth**




Asset Management Investor Deep-dive on 17th June

# Retail: Strong performance in 2024

Sustainable **Growth**

## 2024 Execution

| | | |
|---|---|---|
| **12.3m** UK Policyholders & workplace members | **Customer centricity** | • Growing UK Retail customer base (+0.5m in 2024)<br>• Customer satisfaction score: Retail UK Net Promoter Score[2] +50 |
| **£94bn** Workplace AUA[1] | **Workplace Savings growth** | • Workplace AUA up 17% to £94bn with net flows of £6bn<br>• Largest Commercial Mastertrust, growing 22% to £30bn<br>• Investing for growth in our Workplace proposition, launch of our new Retail App and digital at-retirement guidance journey |
| **£2.1bn** Annuity sales | **Record new business performance** | • Retail Annuities[4] up 48% at strong margins<br>• Increased our share of UK Lifetime Annuities market to 23.6%[3]<br>• Growing volumes in UK protection with increased margins |

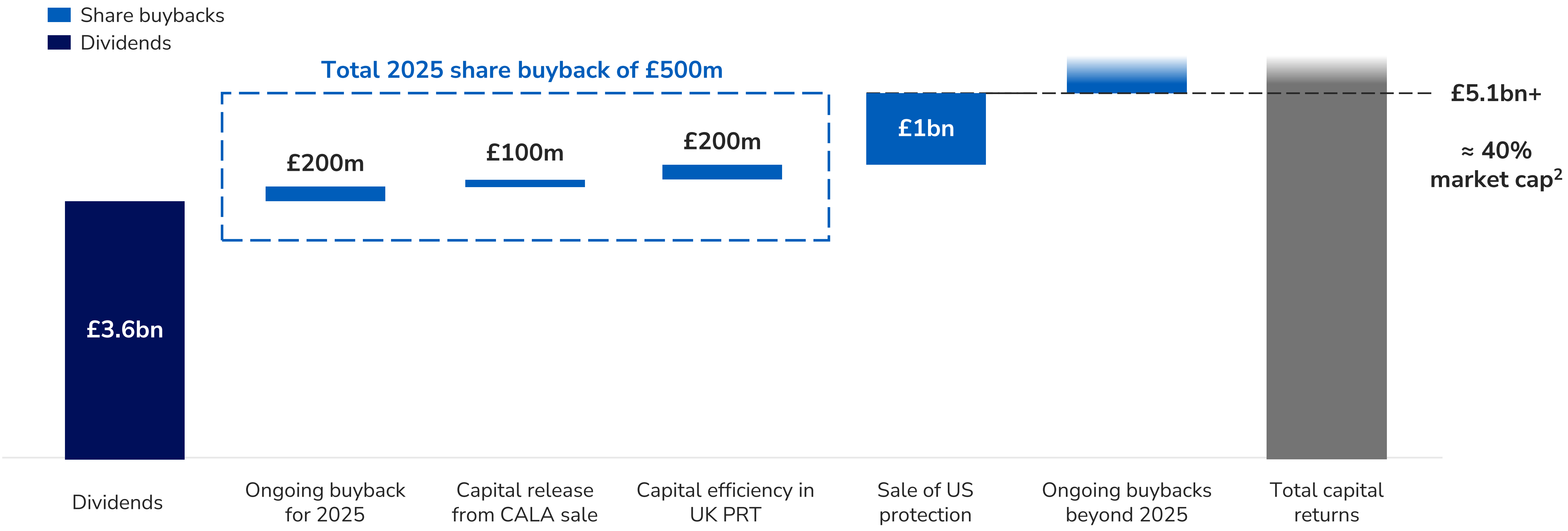
**Retail Investor Deep-dive in H2 2025**

1. Workplace Assets Under Administration include Workplace DC and Retail Savings AUA.
2. This is an average of our UK core businesses weighted by transaction volumes.
3. Retail Annuities includes Lifetime Annuities, Fixed Term Annuities and Lifetime Care Plans.
4. FY 2023: 19%. Source: ABI Q3 2024 report (YTD Q3 Lifetime Annuities only).

# Expect to return > £5bn over the next three years

Enhanced **Returns**

## 2025-2027 SHAREHOLDER RETURNS[1]




L&G

1. Subject to regulatory approval and market conditions; the size of the respective bars is indicative and does not reflect actual size.
2. Market Cap. at 1 Jan 2025 = £13.542bn.

# Financial Performance

Jeff Davies, Group CFO

# Performance in 2024

| Metric | 2024 | 2023 |
|---|---|---|
| **Core Operating Profit** | **1,616** | **1,531** |
| Corporate Investment Unit | 95 | 136 |
| **Operating Profit** | **1,711** | **1,667** |
| Investment variance from Core businesses (incl. minority interests) | (991) | (1,228) |
| Investment variance from Corporate Investments | (388) | (363) |
| **Profit before tax (£m)** | **332** | **76** |
| | | |
| **Core Operating Earnings Per Share (p)** | **20.23** | **19.04** |
| Operating Return on Equity (%) | 34.8 | 26.6 |
| **SII operational surplus generation (£bn)** | **1.8** | **1.8** |
| SII Coverage Ratio (%) | 232 | 224 |

L&G

# Institutional Retirement

| Financial Highlights (£m) | 2024 | 2023 |
|---|---|---|
| CSM Release | 650 | 591 |
| Risk Adjustment Release | 141 | 119 |
| Expected Investment margin | 485 | 486 |
| Experience Variance | (10) | (13) |
| Non-attributable expenses | (168) | (160) |
| Other | 7 | 5 |
| **Operating Profit** | **1,105** | **1,028** |
| | | |
| **Annuity Portfolio Assets** | **73.8** | **68.9** |

**Predictable and reliable growth in operating profit:**

- Operating profit up 7% to £1,105m.
- Release of CSM into profits has increased to 7.0%, reflecting the maturing back book and a higher interest rate environment.
- RA release reflects the growth of the annuity book from new business.
- The expected investment margin is stable at £485m as we continue to see good performance in our annuity portfolio, and our continuing back-book optimisation.

L&G

# Capital light UK PRT

| | FY 2024 | FY 2023 |
|---|---|---|
| SII Capital deployed | £81m | £278m |
| New Business Strain | 1.0% | 2.3% |

**We adapted quickly to new market environments:**

- £8.4bn of capital efficient new business with a c.1% strain in the UK.
- c. £200m lower capital deployed than in 2023 on writing similar volumes post funded reinsurance.
- The lower capital deployed supports an incremental buyback.
- This approach delivers highly attractive returns on capital, with scope for further back book asset optimisation not reflected in the margins.
- Day one profitability metrics are moderately lower due to the lower initial yield with:
  - Overall PRT volumes[1], delivered IFRS new business margin[2] of 7.1 % (FY 2023: 9%)
  - UK PRT Solvency II margin of 5.3% (FY 2023: 7.4%)

1. UK + International PRT.
2. Calculated as a percentage of premium net of funded reinsurance. Includes transacted annuity book optimisation from Direct Investment capacity enabled by gilts-based investment strategies and removes timing constraints on reinsurance imposed by IFRS17.

# Asset Management

| Financial Highlights (£m) | 2024 | 2023 |
|---|---|---|
| Asset management revenue | 967 | 926 |
| Asset management expenses | (711) | (658) |
| **Operating profit from fee earning AUM** | **256** | **268** |
| Operating profit from Balance Sheet investments | 145 | 180 |
| **Total Asset Management Operating Profit** | **401** | **448** |
| | | |
| **Cost: Income Ratio (%)** | **74** | **71** |
| **Total AUM[1] (£bn)** | **1,118** | **1,159** |
| of which International AUM | 488 | 465 |
| of which UK DC AUM | 183 | 163 |

**We grew fee revenue despite lower average AUM:**

- Up 4% to £967m as we pivot towards higher margin business.
- Positive flows in DC, Private Markets and Wholesale were offset by outflows in lower margin UK DB. Annualised Net New Revenue (ANNR) excluding UK DB channel is £17.4m.

**Balance Sheet investments :**

- Lower operating profit from our Balance Sheet investments primarily reflects a more modest valuation uplift for Pemberton in 2024, as it continues to grow.
- In the year, Pemberton increased total commitments €6bn, with €1bn from the newly launched NAV Strategic Financing strategy.

**Our international footprint is expanding:**

- Represents 44% over Global AUM[1] (FY 2023: 40%). International AUM is at £488bn, with strong growth in Europe and Asia.

**Our UK DC AUM is up 12%:**

- We continue to be the market leader in UK DC with £183bn of AUM, with £94bn AUM from our own Workplace DC.

1. Total AUM ex JV, associates and other.
2. Workplace Assets Under Administration include Workplace DC and Retail Savings AUA.

# Retail

| Financial Highlights (£m) | 2024 | 2023 |
| --- | --- | --- |
| CSM Release | 469 | 446 |
| Risk Adjustment Release | 84 | 74 |
| Expected Investment margin | 106 | 122 |
| Experience Variance | 16 | (44) |
| Non-attributable expenses | (136) | (121) |
| Other | (35) | (28) |
| **Retail Operating Profit** | **504** | **449** |
| | | |
| **Solvency II new business value** | 324 | 265 |
| UK & US protection | 192 | 165 |
| Individual Annuities | 132 | 100 |
| **IFRS new business future profit[1]** | **396** | **352** |
| **Workplace DC AUM (£bn)** | **94** | **80** |

**Retail operating profit is up 12% to £504m driven by**:

- CSM and RA release up 6% to £553m driven by profitable new business written in 2023.
- 9.1% of CSM[2] was released into profit.
- Favourable experience variance with improvements in both the US and UK protection.
- Non-attributable expenses of £(136)m, reflecting a now higher run rate than 2023.

**New business profitability increased:**

- Solvency II and IFRS New business value up 22% and 13% respectively, with growth in individual annuities and UK protection.

**Continued growth in Workplace DC**

- Workplace DC AUM of £94bn, up 17%, with net flows of £6bn.

1. Represents the new business CSM and RA.
2. Closing CSM pre-release.

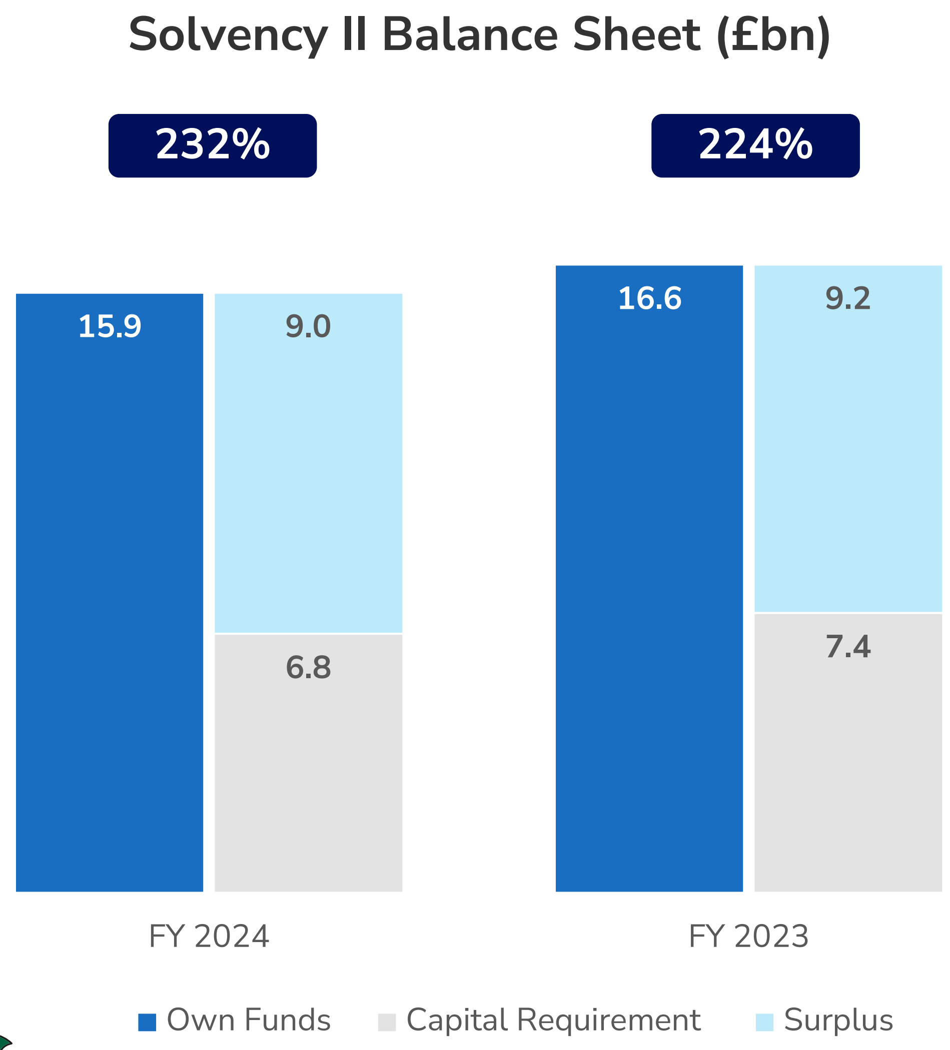
# US protection sale, US PRT partnership and future growth

| | Near-term impacts | Future growth drivers |
|---|---|---|
| **Earnings** | US protection operating profit of £73m<br>**EPS accretive post share buyback**<br>**>£1bn of IFRS profit** | ✓ **Two strong balance sheets committed to US PRT business**<br>✓ **¥150 bn[3] committed co-investment capital to grow Private Markets**<br>✓ **c. £400m redeployment of capital into growth areas at >14% hurdle rate**<br>✓ **5% shareholding in L&G** |
| **Capital** | US protection net surplus generation of £225m<br>**Capital generation of c.£1.2bn[1]**<br>**SII Coverage Ratio + c. 7ppt post buyback** | |
| **Cash** | Recent remittances to Group <£100m[2] p.a.<br>**£1.8bn proceeds >18x recent remittances** | |

L&G

1. As disclosed on 7th February. This reflects the £1.8bn of proceeds from the transaction, less the Own Funds from the business being sold and the related release of SCR.
2. LGA remitted £185m to Group in 2023, this included a one-off capital return of c. £90m on finalising the US PRT internal reinsurance structure.
3. This equates to c. $1bn on FX rate as at 5 March 2025.

# Solvency II




| | |
|---|---|
| **232%** | Coverage ratio |
| **£9.0bn** | Solvency II surplus |
| **£12.5bn** | Tier 1 Own funds (i.e. 79%) |

L&G

# Confident in meeting our new financial targets

| | 2025-2027 Targets |
|---|---|
| Core Operating EPS | 6-9% CAGR |
| Operating RoE | At least 20% |
| Cumulative capital generation | £5-6bn |

L&G

# Closing remarks

António Simões, Group CEO

# Closing remarks

**Sharper Focus**

- Creation of Corporate Investments portfolio and disposal of CALA for £1.35bn[1]
- Disposal of US Protection for £1.8bn and new strategic partnership with Meiji Yasuda
- Creation of a single global public and private asset manager

**Sustainable Growth**

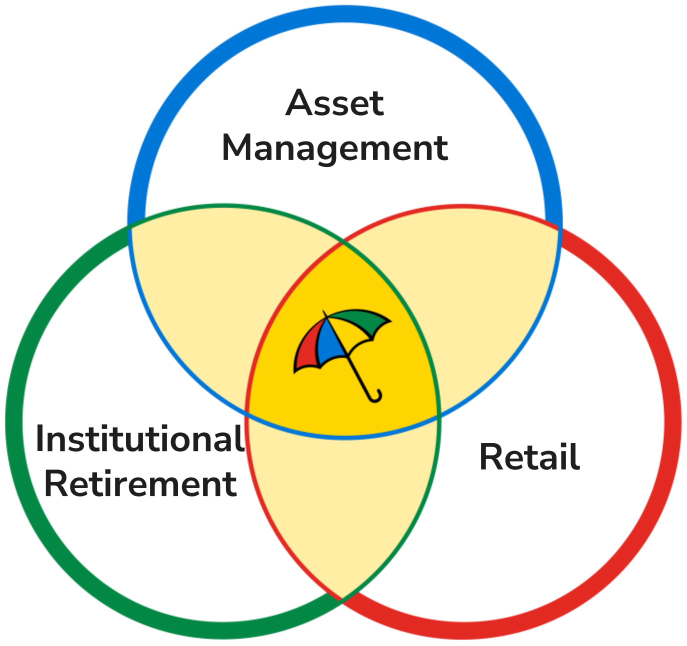
- Institutional Retirement: Capital efficient UK PRT; record volumes internationally
- Asset Management: Revenue growth as we shift to higher fee margin products
- Retail: Strong growth in Workplace DC and record year for individual annuities

**Enhanced Returns**

- 6% growth in Core Operating Profit; 5% growth in Dividend Per Share
- Announcement of new buyback of £500m for 2025
- Returning >£5bn or 40% of market cap within next three years

1. Enterprise value.
2. Reflects the proceeds from the sale of the US Protection business and the US PRT reinsurance arrangement (where Meiji Yasuda acquires 20% of the economic interest).

# A growing, simpler, better-connected L&G




=

**Sharper Focus** — Simpler, more focused model with a rigorous approach to execution

+

**Sustainable Growth** — Well-positioned businesses with competitive advantages aligned to structural trends

+

**Enhanced Returns** — Differentiated value from Group synergies and disciplined capital allocation

# Thank you

# Q&A

**António Simões,** Group CEO

**Jeff Davies,** Group CFO

**Laura Mason,** CEO Retail

**Eric Adler,** CEO Asset Management

**Andrew Kail,** CEO Institutional Retirement

L&G

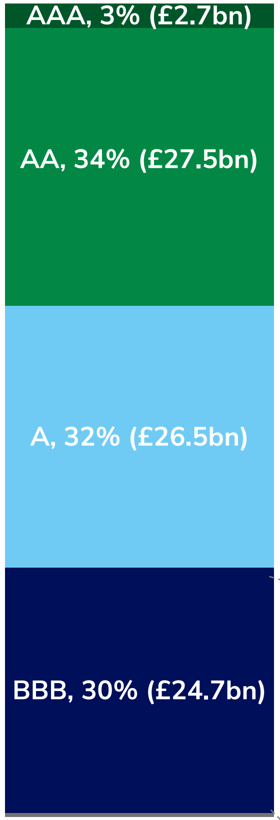
# Appendix

# Our Asset Portfolio

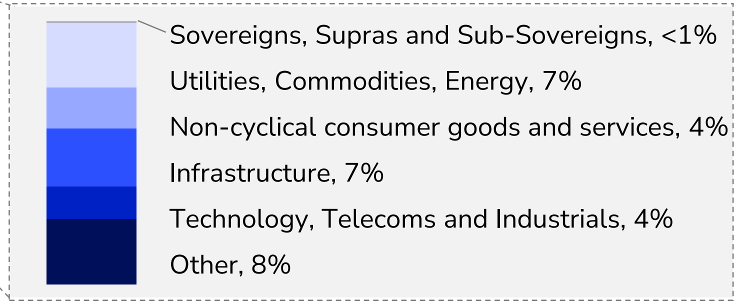
# Annuity assets: A well-diversified bond and DI portfolio[1]

## Annuity Bond Portfolio: £81.8bn

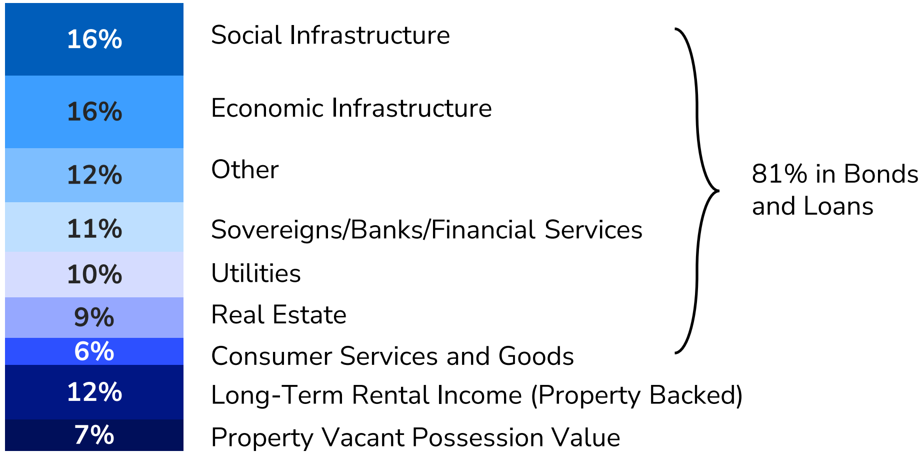
FY 2024




- Defensively positioned, high quality portfolio
- **69% A-rated or better. Only c.4.5% is BBB-**
- 21% of bonds in Sovereign-like assets
- 7% of high-quality UK Lifetime Mortgage book: average customer age 76; weighted average loan-to-value of c.32.2%.
- Lower-rated, cyclical exposures kept to a minimum: <1% airlines, hotels, leisure and traditional retail combined
- Geographically diversified portfolio (49% UK, 34% US, 11% EU, 7% RoW)




## Annuity DI portfolio: £27.4bn[2], 30% of total assets

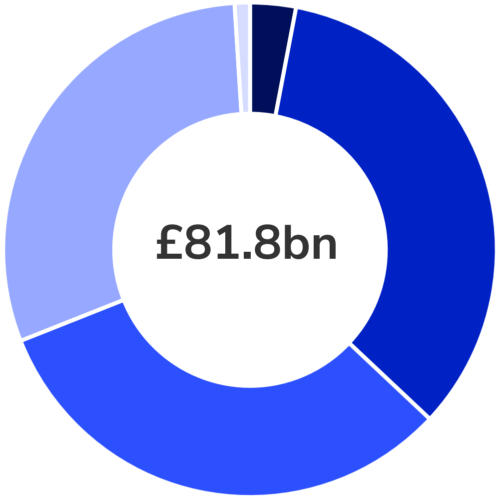



- No defaults and 100% of scheduled cash-flows paid. Around two-thirds of portfolio rated 'A' or above.
- On property exposures, primary exposure is to IG-rated rental income from underlying tenants, e.g. Amazon, or diversified pools of residential tenants.
- Direct exposure to property in the annuity portfolio is Property Vacant Possession Value: £2bn or 2% of the annuity portfolio
- Originated £4bn of new, high quality direct investments for UK annuity portfolio during 2024. DI investments continue to benefit from ESG focus, e.g. through housing investments delivered and managed via L&G Asset Management.

1. Excluding Shareholder Assets formerly reported in LGC. Annuity assets defined as Total Annuity Investments less Derivative Assets reported in Note 6.01 Investment Portfolio disclosure of the Analyst Pack.
2. Annuity DI (Bonds & Property only) portfolio of £27.4bn excludes Lifetime Mortgage assets of £5.9bn.

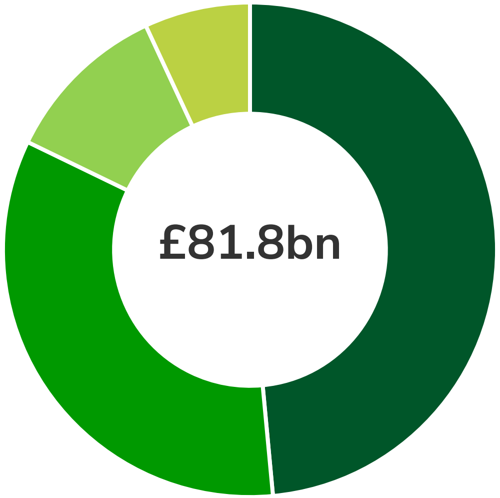
# We have a high quality, diversified investment grade book

## Bond portfolio by rating



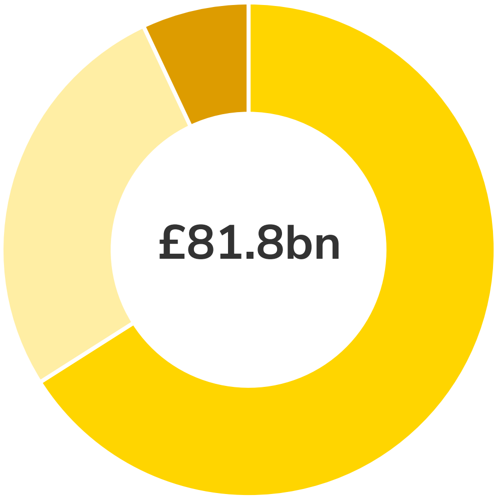

| | |
|---|---|
| AAA | 3% |
| AA | 34% |
| A | 32% |
| BBB | 30% |
| BB or below | <1% |

## Bond portfolio by geography



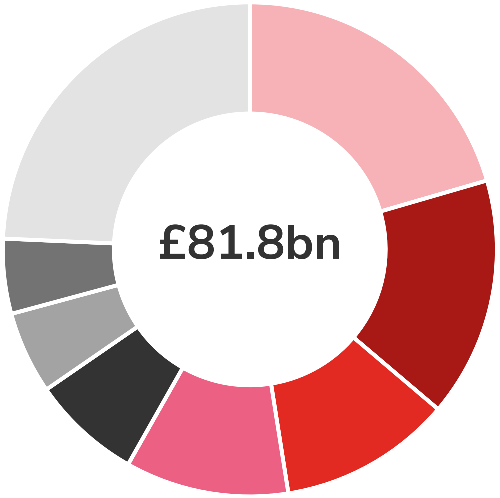

| | |
|---|---|
| UK | 48% |
| USA | 34% |
| Europe | 11% |
| RoW | 7% |

## Bond portfolio by asset type




| | |
|---|---|
| Traded credit | 66% |
| Direct investments | 27% |
| Lifetime mortgages | 7% |

## Bond portfolio by sector

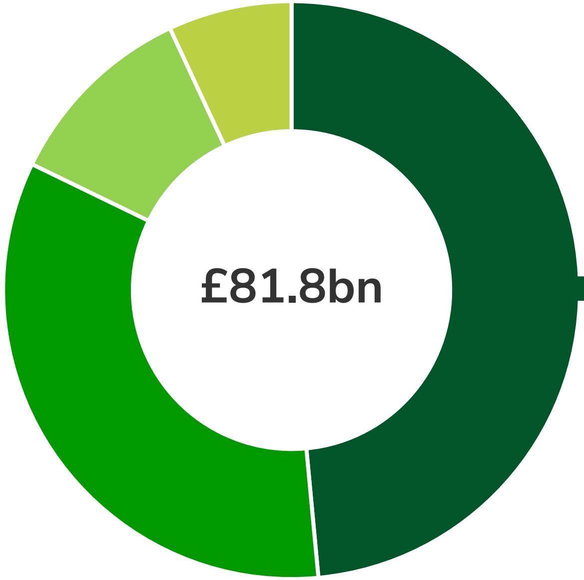



| | |
|---|---|
| Sovereign-like assets | 21% |
| Infrastructure | 16% |
| Utilities | 11% |
| Consumer services & goods | 11% |
| Lifetime mortgages | 7% |
| Technology & telecoms | 5% |
| Real Estate | 5% |
| Other | 24% |

L&G

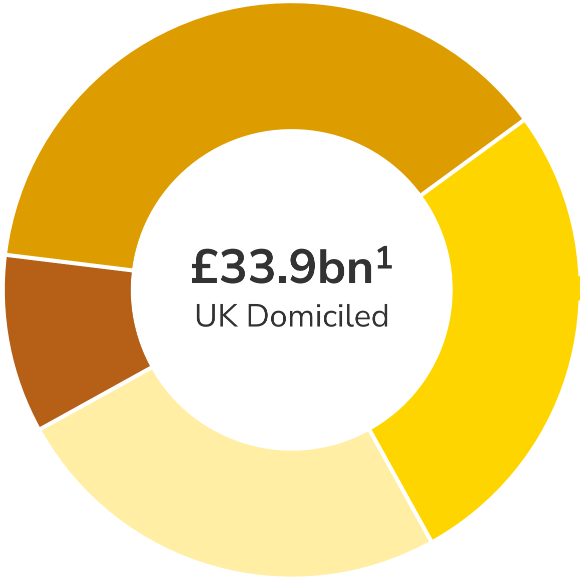
# Our UK exposure is diversified

## Annuity Bond portfolio by geography



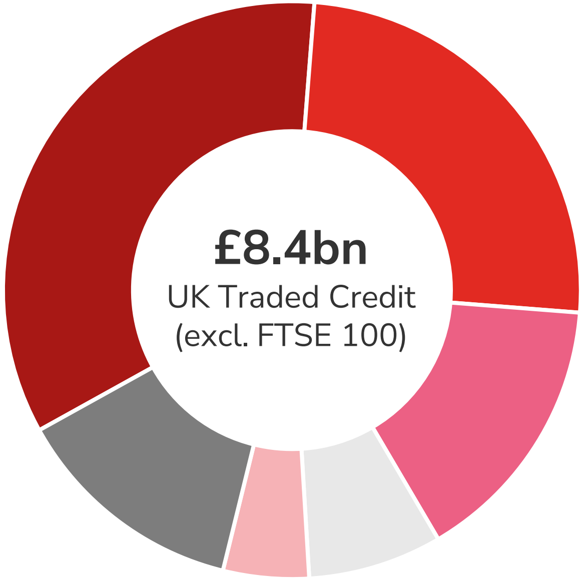

| | | |
|---|---|---|
| ■ | UK | 48% |
| ■ | USA | 34% |
| ■ | Europe | 11% |
| ■ | RoW | 7% |

## UK Domiciled bond portfolio by asset type




| | | |
|---|---|---|
| ■ | FTSE 100 exposure | 10% |
| ■ | Government DI / Sovereigns | 38% |
| ■ | Direct investments | 27% |
| ■ | Traded credit | 25% |

## UK domiciled Traded Credit portfolio by sector

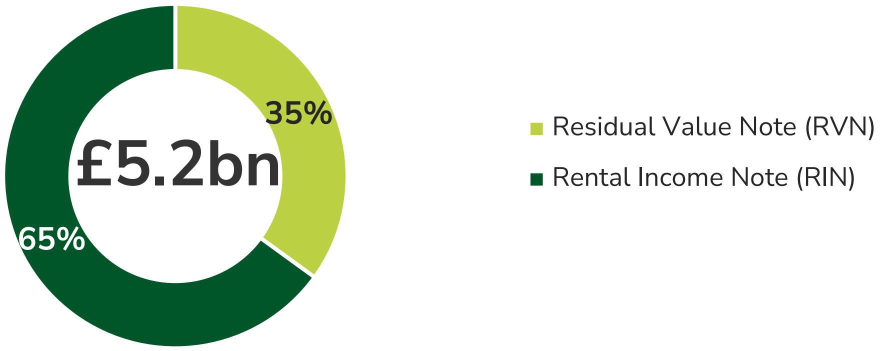



| | | |
|---|---|---|
| ■ | Utilities | 34% |
| ■ | Social infrastructure | 25% |
| ■ | Economic infrastructure | 15% |
| ■ | Real Estate | 8% |
| ■ | Non-cyclical consumer services & goods | 5% |
| ■ | Other | 13% |

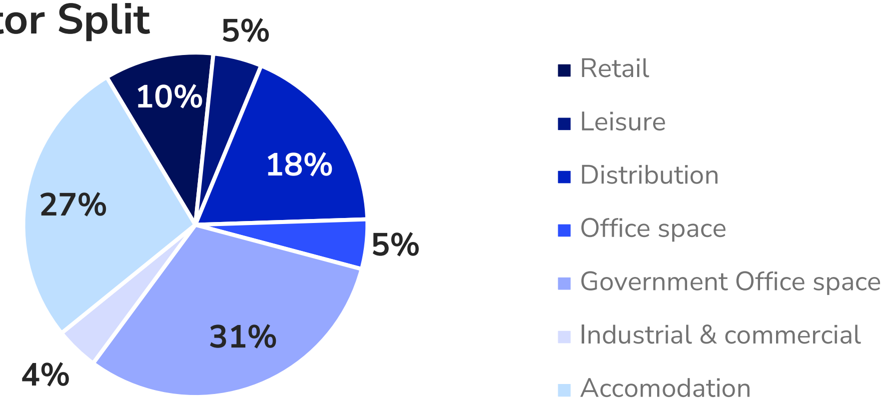
1. Excludes £5.9bn of Lifetime Mortgage assets – 2024 full year weighted average loan-to-value of c32.2%. Loan-to-value has to exceed 100% before losses occur.

# Direct property exposure in annuity portfolio is limited

## Annuity Property




## Sector Split




**87%**
Let

**13%**
In development

### Annuity property exposure comprises[1]:

- **c.£2bn of RVNs.** This is the present value estimate of the future vacant possession value of the property (i.e. the value at the end of the lease term) and represents our actual direct property exposure in the annuity portfolio
  - Not concerned with short-term mark-to-market valuations. Majority of property assets >20yr term to maturity
  - Our property exposure is wholly-owned, recently built and has no external debt
- **c.£3bn of RINs**. Secured against inflation-linked, long-term leases with primary exposure to IG-rated rental income from underlying tenants, e.g. Amazon and Comcast, or diversified pools of residential tenants
  - Our priority is the cashflow
  - 100% of cashflows received over 2022, 2023 and 2024
  - 87% of office space exposure is to UK government departments, with an average unexpired term of c20 years on the lease

1. Excluding Shareholder Assets formerly reported in LGC.

# Our Traded Credit BBB exposure is to high quality names

## Annuity Portfolio backing UK Annuities: Top 10 traded credit BBB exposure

| | Ultimate Parent | Sector | Country of Risk | Investment Value (£m) |
|---|---|---|---|---|
| 1 | Deutsche Telekom AG | Communications & Technology | USA, Germany | 234 |
| 2 | CK Hutchison Holdings Ltd | Utilities, Economic Infrastructure | UK | 220 |
| 3 | FGP TopCo Ltd | Economic Infrastructure | UK | 192 |
| 4 | Julian Holdings Ltd | Real Estate (Debt) | UK | 190 |
| 5 | Oracle Corp | Communications & Technology | USA | 181 |
| 6 | Verizon Communications Inc | Communications & Technology | USA | 154 |
| 7 | Digital Realty Trust Inc | Real Estate (Debt) | USA | 154 |
| 8 | TC Energy Corp | Energy | USA, Canada | 153 |
| 9 | National Grid PLC | Utilities | UK, USA | 152 |
| 10 | Daiwater Investment Ltd | Utilities | UK | 149 |
| | | | | **£1,779m** |

**7% of BBB portfolio**

# Our Direct Investments are with high quality counterparties

## Annuity Portfolio: Top 15 Direct Investments[1] by exposure

| | Counterparty | Sector | Year of Investment | Rental Income Note (£m) |
|---|---|---|---|---|
| 1 | UK Government | Government | 2011-2019 | 1,805 |
| 2 | UK Corporate Media | Media | 2017 | 427 |
| 3 | Student Accommodation Provider | Social Infrastructure | 2023 | 376 |
| 4 | Amazon | Communication & Technology | 2018-2020 | 347 |
| 5 | UK Railway | Economic Infrastructure | 2021 | 281 |
| 6 | University of Oxford | Social Infrastructure | 2021-2022 | 273 |
| 7 | Moray East Transmission (Wind Farm) | Economic Infrastructure | 2024 | 263 |
| 8 | Places for People Group Ltd | Economic Infrastructure | 2014 | 258 |
| 9 | Corporate Lending Fund | Other | 2024 | 243 |
| 10 | UK Utility | Utilities | 2018-2021 | 233 |
| 11 | International Transport & Logistics | Consumer, Non-cyclical | 2015-2021 | 224 |
| 12 | Hornsea Offshore Wind Farm | Economic Infrastructure | 2018 | 219 |
| 13 | Comcast Corp | Communication & Technology | 2015-2021 | 218 |
| 14 | UK Infrastructure Project | Economic Infrastructure | 2016-2019 | 218 |
| 15 | Get Living plc | Social Infrastructure | 2019 | 214 |
| | | | **Total** | **£5,600m** |
| | | | | **32% of DI portfolio[2]** |

Assets are spread between different locations, with long duration cash flows secured against high quality tenants, with limited downside valuation risk e.g. UK Government, Amazon

L&G

1. Based on Direct Investments sourced in the UK.
2. Based on £17.5bn DI portfolio (excluding Lifetime Mortgages) backing UK Annuities; differences exist between this valuation, and accounting valuation reported in Analyst Pack.