

Q2 2018 Earnings Call

Company Participants

- Alexander Rijn Wynaendts, CEO & Chairman of the Executive Board

Presentation

Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Hello. And thanks for tuning into my update for the first half of 2018. From a financial perspective, I'm pleased to report that we performed strongly over the last six months. For me, 3 things in particular stand out. First, underlying earnings are up, mainly driven by successful expense savings program, high investment margins in Netherlands and growth in our Asian businesses. Second, we've grown our net deposits. And this was largely due to high inflows into our asset management business and better retention in our U.K. business. Both evidence that our customers value our expertise and the products and services we offer. And third, in terms of capital, our solvency position remains strong, having increased significantly since our last results. This is a reflection of how we further strengthened our balance sheet. And I'm happy that we are in an excellent position to deliver on our target to return capital to shareholders.

Looking beyond the key numbers, we've been very busy executing our strategy since the turn of the year. So let me give you a snapshot of some notable highlights. In our largest market, the United States, the outsourcing agreement we announced has made us a more efficient franchise. This is enabling us to focus our efforts on enhancing our platforms and digital services to the benefit of all our U.S. customers across all lines of business. Also in the U.S., we launched our new wealth and health brand identity. By raising awareness about its connection between physical and financial well-being, we have the potential to help millions of people better prepare for the future. I'm also excited about the benefits we're already seeing from our business.

Moving to Europe, in the U.K., our team has worked extremely hard to migrate over 400,000 retail customers from Cofunds to our platform. This was a huge operation and in common with many migrations of this scale, there has been some customer service interruption. We're working hard to resolve this. So that we can deliver a service to be proud of to all our customers in the U.K. Across our company, growth is a key focus and priority. And this means building the right businesses in the right markets, acquiring other businesses that will help us grow and also knowing when to divest from certain markets.

In the Netherlands, we recently acquired the leading income protection service provider, Robidus. And this will strengthen our position in a key growth market as we help Dutch employers understand complex laws regarding absence and disability and better manage financial risk and cost. We also expanded in Spain, deepening our relationship with Banco Santander, the country's largest bank. This agreement will allow us to provide both life and selected non-life insurance to an additional client base of 4 million people.

In terms of divestments, in April, we successfully completed the sale of Aegon Ireland. And we announced the sale of Aegon Czech Republic and Aegon Slovakia, all of which gave us added financial flexibility. In Asia, we've seen success across the region with reduced expenses and improved profitability in almost all of our units. Our joint venture in China, for instance, has seen strong double-digit sales growth, thanks to its award-winning digital platform.

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Finally, I'm pleased that Aegon Asset Management also performed well. Its mortgage funds, general pension fund and new products are proving to be very successful, all meeting our customer diverse needs. To sum up, this has been a good first half year for our company. We are well positioned to capture future growth. We're continuing to execute on our transformation. And above all, we've got a great team who are, as ever, working tirelessly to help our millions of customers around the world. And all of this gives me confidence that we'll be able to meet our 2018 targets. And I look forward to updating you again in my next video.

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