

Q4 2018 Earnings Call

Company Participants

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

Presentation

Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Hello, everyone. I would like to take you through the key elements of our financial results for the second half of 2018 and highlight some of our strategic achievements. I would also explain how we plan to continue growing our business and will introduce our new financial targets. In terms of results, this was a challenging and complex half year. We experienced significant declines in our markets. This impacted the return our customers made on their investment and also our results.

In short, we were confronted with declining net income, lower net deposits and lower new life sales. However, at the same time, we have shown continued strong capital generation and strong solvency position, allowing us to increase our full year dividend. If we look beyond the numbers, I can only conclude that we are taking the right steps to make our company more efficient. And most importantly, more customer focused. And this puts us in a strong position to grow our business. We are modernizing and simplifying our organization and ensuring that our resources are focused on our key markets. Markets where we have either a leading market position and skill or strong growth opportunities.

2018, this led to both investments and divestments. And the most recent example, being the completion of the divestment of our operations in Slovakia and the Czech Republic last January. We found ways to improve efficiency while at the same time enhance customer experience.

Good example is Transamerica, which is well ahead of the competition, which is a partnership with TCS. It's a partnership that enables us to provide faster and better proposition to our customers, while at the same time improving efficiency. In the U.K., excelling our partnership with Atos will further improve customer service. Investments in digital technology and data analytics have helped us acquire a better understanding of our customers' needs. This helps us offer tailored, more relevant solution and allows us to communicate with customers in the way they prefer.

Since this is increasingly digital, we are investing in innovative platform solutions. At the same time, we continue to strengthen the relationships we have with our customers' advisors.

Today, we have also released our new financial targets, building on the progress, we've made in the previous three years.

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For the period 2019 to 2021, we will be focusing on profitable sales growth and sustainably growing our capital generation. This will lead to attractive returns to our shareholders. To be able to seize growth opportunities and take the right decisions, we continue to review our activities. And we have grouped our businesses into 3 categories: The first category, manage for value, represents mature SQ operations. Our remaining closed books of business are also included, for example, our life insurance in the Netherlands. And we carefully manage the operational and financial risk, we drive expense savings and accelerate capital generation for value in a sustainable way.

The vast majority of our new investments will be directed to a second category, drive for growth. It's well-established businesses, with a strong market position and attractive profitable long-term growth potential. These businesses are mostly digital and platform based with an emphasis on fee and protection. And finally, our scale up for the future businesses have meaningful market opportunities. So good example is, Knab, in the Netherlands. They bring new platforms, new technology or new business models into Aegon, which can be leveraged across the entire company.

I am confident that this approach, combined with a consistent execution of our strategy will allow us to grow profitably and create value for all our stakeholders. And so we will fulfill our purpose to help people achieve a lifetime of financial security.

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