



PENSION INSURANCE
CORPORATION

PENSION INSURANCE CORPORATION GROUP 2019 TRADING UPDATE AND PROPOSED £750 MILLION EQUITY RAISE

London, 27 January 2020 – Pension Insurance Corporation Group Limited² (“PICG” or the “Company”), ultimate parent company of Pension Insurance Corporation plc (“PIC”), the specialist insurer of defined benefit pension schemes, today provides a preliminary update on the Group’s financial performance for 2019. PICG also announces that it is planning to issue up to £750 million of new equity to support the continued growth of PIC in the pension risk transfer market (the "Capital Raise").

PIC had an outstanding year in 2019, exceeding its previous new business record with £7.2 billion of new business concluded (*2018: £7.1 billion*), for clients including British American Tobacco, Marks & Spencer and Somerfield. The pension risk transfer market was, and remains, exceptionally buoyant, with total liabilities insured also reaching a new high in 2019. Strict underwriting discipline has ensured a very good set of financial results and the Group is well positioned to deliver for all our stakeholders.

PICG 2019 preliminary unaudited trading highlights:

- 15 new business transactions with total premiums of £7.2 billion (*2018: £7.1 billion*), a record for the period. PIC is in exclusivity on nearly £3 billion of pension de-risking transactions and there is a market-wide pipeline of new business amounting to more than £40 billion of pension scheme liabilities
- £40.9 billion in financial investments (*FY2018: £31.4 billion*)

- Market Consistent Embedded Value (MCEV) of £3,874 million (*FY2018: £3,638 million*)
- Adjusted Equity Own Funds³ of £4,504 million (*FY2018: £4,174 million*)
- IFRS Net Asset Value of £3,215 million (*FY2018: £2,457 million*)
- Solvency Capital Ratio of 164% (*FY2018: 167%*)
- 81% of longevity exposure reinsured
- 225,000 pension fund members insured in total (*2018: 192,100*)
- In February 2019, PIC was affirmed an Insurer Financial Strength credit rating of A+ by Fitch

Business highlights:

- £1.9 billion invested in areas such as social housing, renewable energy and the UK's universities (*2018: £2.5 billion*)
- 99.5% of policyholders surveyed have indicated that they are satisfied or better with our customer service; 83.9% gave us maximum score
- PIC attained "Investor in People" status; won the "UK Customer Commitment" award from the Institute of Customer Service; was named "Insurer of the Year" at the Risk Awards; and won the "Risk Management Firm of the Year" award at the European Pensions Awards

Tracy Blackwell, Chief Executive Officer of PIC, said: "2019 was a year of rapid, profitable growth for PIC, building on an excellent 2018. Over the past two years our financial investments have grown by 60%, policyholder numbers by 35%, employee numbers by 50% and we have invested more than £4 billion in areas such as social housing, renewable energy and university education, whilst maintaining underwriting discipline and a robust balance sheet. There remains a significant opportunity in the UK's pension risk transfer market and this Capital Raise will position PIC well to help trustees de-risk their pension liabilities."

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Notes to Editors:

- 1) The 2019 numbers presented are preliminary and have not been audited. As such, there remains a risk that the final audited numbers are different, and potentially materially so. The Group expects to provide audited FY 2019 results in early March 2020

December 2019, PIC had insured 225,000 pension scheme members and had £40.9 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit www.pensioncorporation.com

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