

Just Retirement

Preliminary results for the year to 30th June 2015

17th September 2015

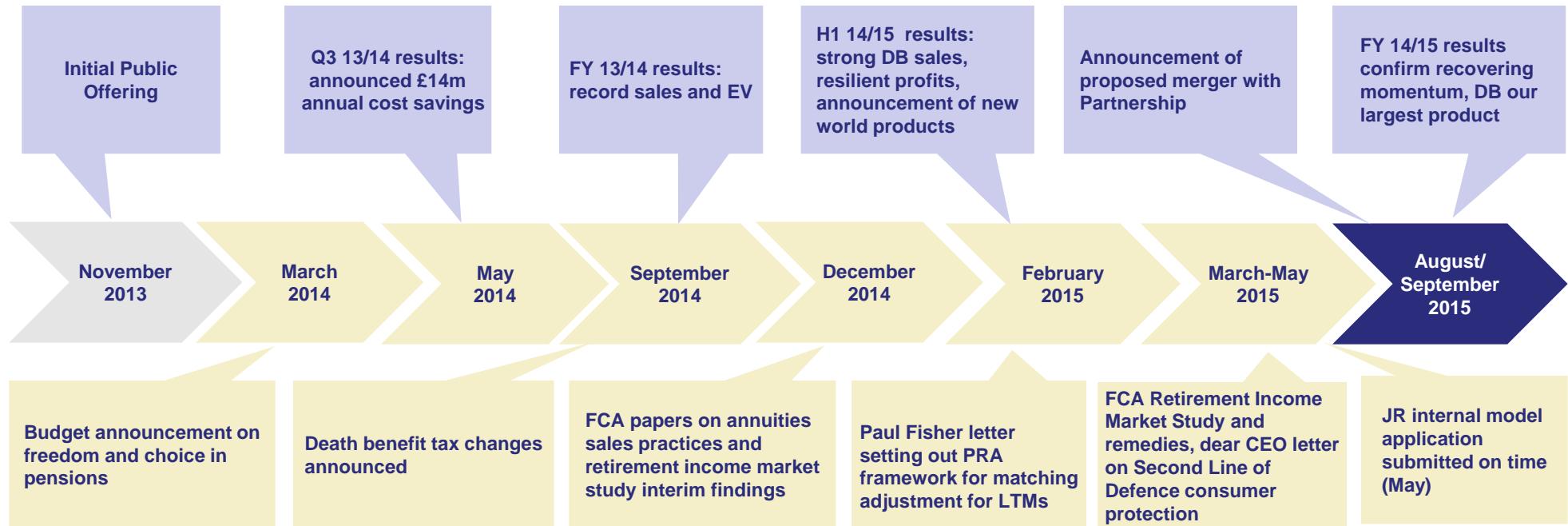
Rodney Cook

Group CEO

Agenda

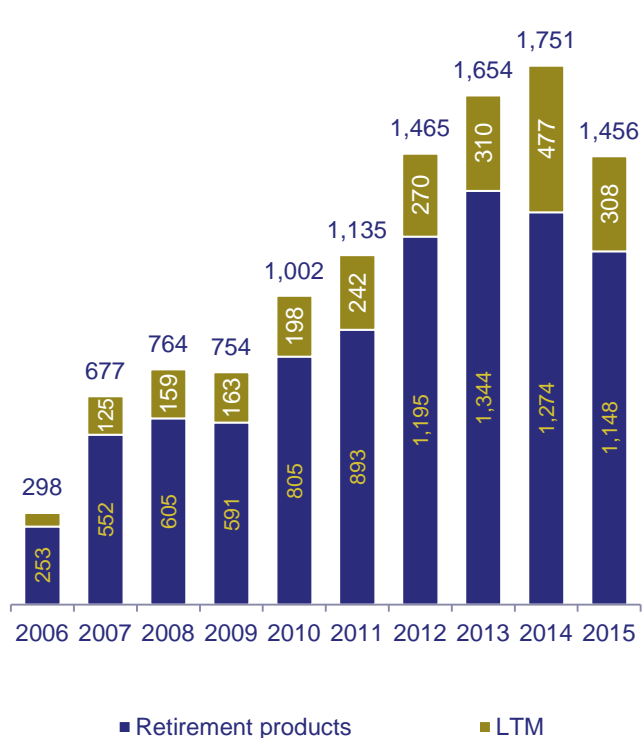
- Business Update – Rodney Cook
- Financials – Simon Thomas
- Outlook and update on the proposed merger – Rodney Cook
- Q&A

Unprecedented change, continued delivery

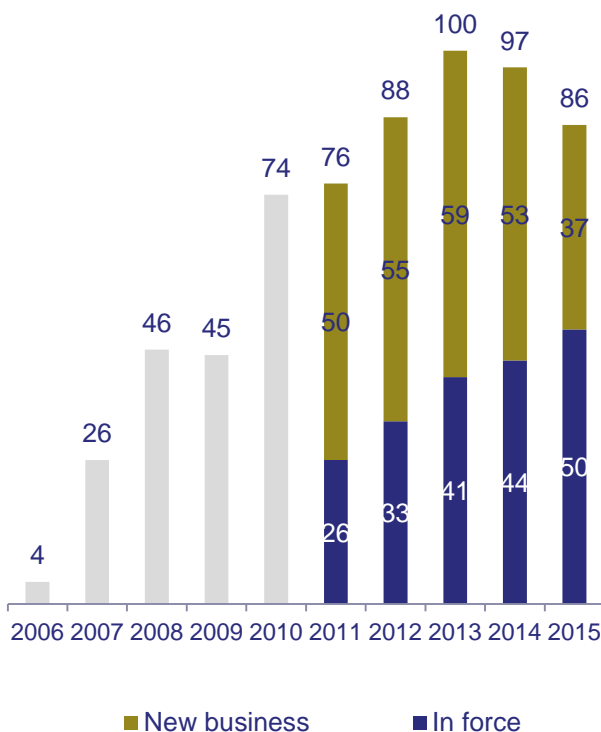


Resilient sales and operating profits, record embedded value

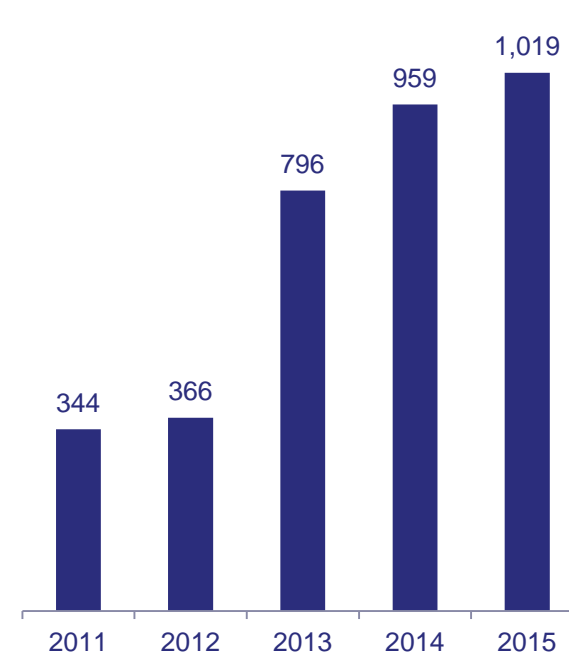
New business sales¹, financial year £m



IFRS underlying op profit², financial year £m



Embedded value³, financial year £m



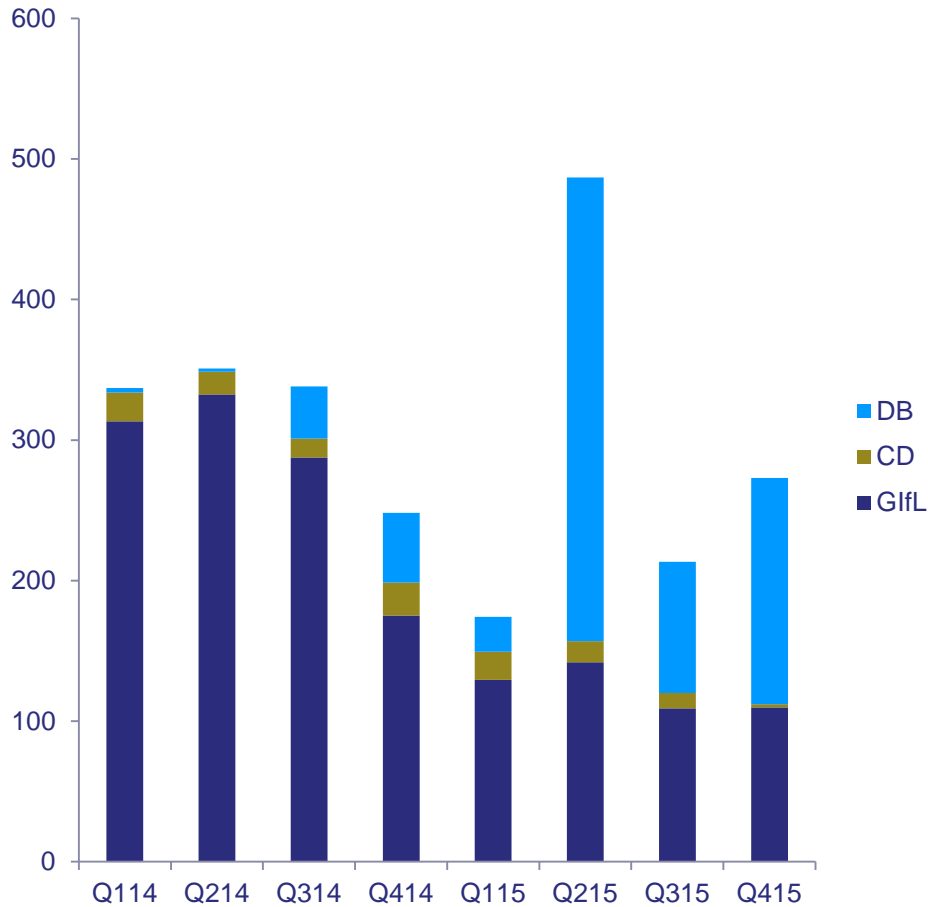
Source: Just Retirement. Note: 1. retirement products includes DB, GfL, Care plans, Capped Drawdown 2 Normalised new business operating profit for the year ended 30 June 2011 shown (excludes exceptional profit of £14m).

3 Chart shows JRH up until FY12, JRG plc pro forma for 2013 including IPO proceeds

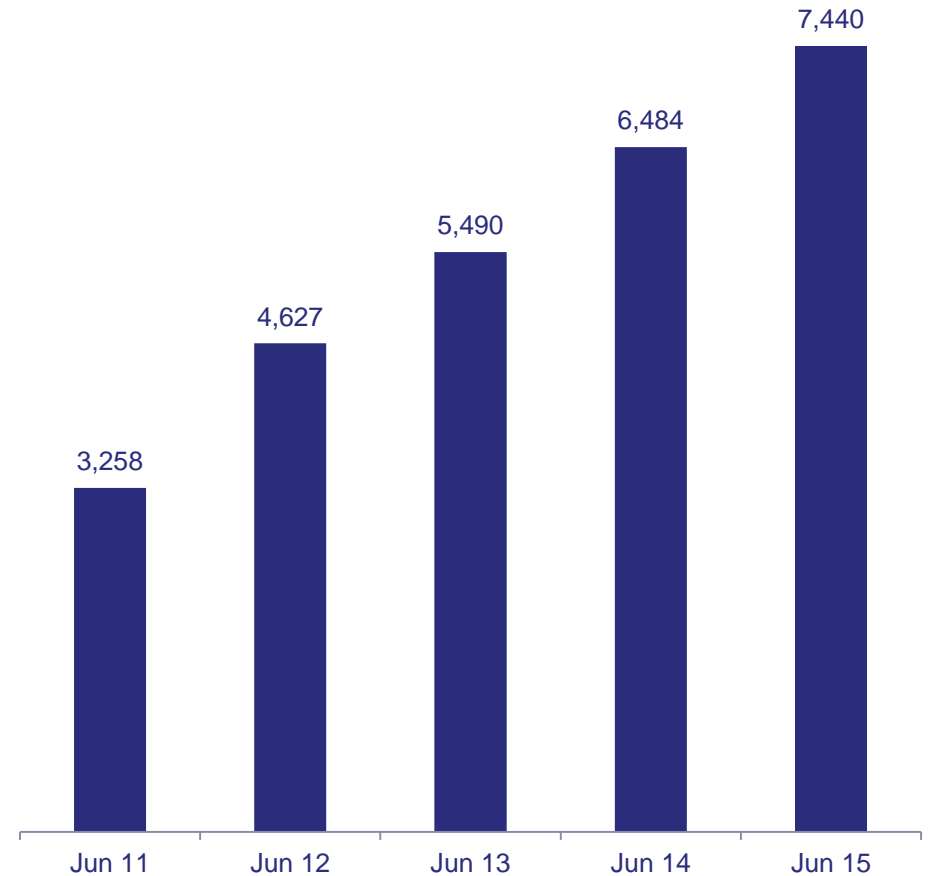
Underlying growth drivers remain in place

■ New business growth returning, liability growth continues

DB sales drove 10% Q4 sales growth v Q414, +28% v Q3 15 (£m)

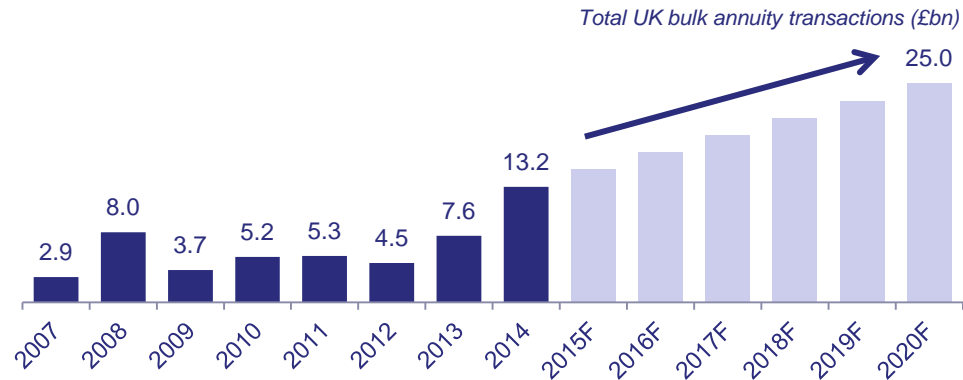


15% y-o-y liability growth (£m, gross of reinsurance)

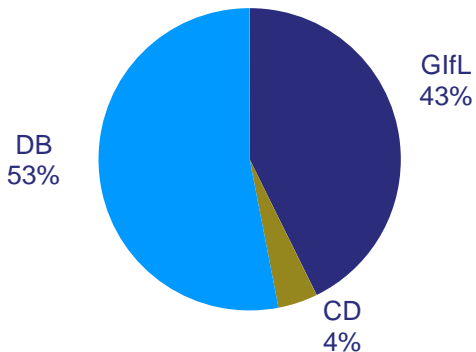


DB de-risking: significant market potential

Strong growth expected in bulk annuity (DB de-risking) transactions⁽¹⁾



DB de-risking represented 53% of 2015 JRG total retirement sales



Segmentation of UK DB pension schemes⁽²⁾

| Members by size band | Number of schemes | Assets (£bn) | Liabilities (£bn) |
|----------------------|-------------------|--------------|-------------------|
| 5 to 99 | 2,188 | 13 | 18 |
| 100 to 999 | 2,684 | 102 | 154 |
| 1,000 to 4,999 | 802 | 175 | 266 |
| 5,000 to 9,999 | 188 | 139 | 204 |
| Over 10,000 | 208 | 708 | 1,049 |
| Total | 6,070 | 1,137 | 1,691 |

Our confidence in the DB de-risking growth outlook is growing

- The UK market is among the world's largest, with over 6,000 schemes and £1.7trn of liabilities.
- De-risking could generate a significantly larger bulks market by 2020.
- Within this, the medically underwritten segment is growing from a standing start two years ago. Medical underwriting should become the norm for many smaller schemes looking for better value.
- DB de-risking sales already account for more than half of Just Retirement's total Retirement new business volumes and this proportion may grow if pricing remains attractive
- Clear opportunity for JR in the provision of de-risking solutions for small to mid-sized DB schemes. Median scheme size of £17m
- The ability to access a broad range of investments, including lifetime mortgages, is a key competitive advantage

Small and medium sized schemes are the core target market for the combined group

Note: 1. Hymans Robertson, Oliver Wyman, KPMG.2. The Purple Book, 2014

Simon Thomas

Group CFO

Summary IFRS results

| IFRS operating profit (£m) | 2015 | 2014 | +/-% |
|---|--------------|--------------|--------------|
| IFRS new business operating profit | 36.8 | 53.1 | -31% |
| IFRS in-force operating profit | 49.6 | 43.6 | 14% |
| IFRS underlying operating profit | 86.4 | 96.7 | -11% |
| Operating variances and assumption changes | 2.4 | 4.7 | -49% |
| Other Group companies' operating results | -8.7 | -7.5 | 16% |
| Reinsurance and bank finance costs | -12.5 | -13.4 | -7% |
| IFRS operating profit | 67.6 | 80.5 | -16% |
| Non-recurring and project expenditure | -19.4 | -7.0 | 177% |
| Restructuring costs | 0.0 | -5.4 | -100% |
| Investment and economic profits/(losses) | -74.1 | 44.1 | -268% |
| Profit before amortisation and pre-IPO finance costs | -25.9 | 112.2 | -123% |

Q4 sales: return to growth confirmed

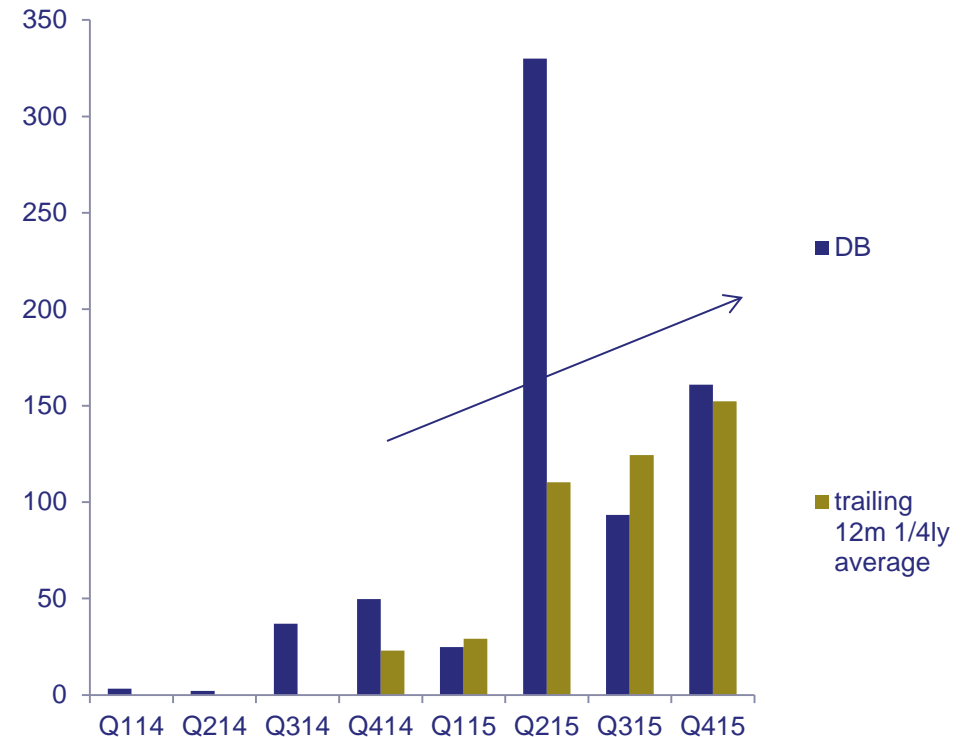
| £ million | Q415 | Q414 | +/- % |
|--------------------------------------|--------------|--------------|------------|
| DB | 160.9 | 49.7 | 224% |
| GifL ¹ | 109.8 | 175.1 | -37% |
| Total Retirement Income sales | 270.7 | 224.8 | 20% |
| CD | 2.4 | 23.5 | -90% |
| Total Retirement sales | 273.1 | 248.3 | 10% |
| LTM advances | 86.4 | 98.9 | -13% |
| Total sales | 359.5 | 347.2 | 4% |

- Strong momentum in DB sales. Prospects remain positive for this growing market
- Now showing signs of recovery
- Return to growth in Retirement Income driven by DB
- Fall reflects success of one year Capped Drawdown (CD) post-Budget in comparative period
- Advances close to 25% of GifL and DB target for FY14/15

DB de-risking: strong momentum for our largest product

- DB is now firmly established as a core product of the Group, and accounted for a majority of FY14/15 Retirement Income sales, less than two years since our first transaction
- FY14/15 sales of £609m represented a more than fivefold increase compared to the previous year
- The progression in raw sales is lumpy but an upward trend is clear. Every quarter of the 2014/15 financial year significantly exceeded the equivalent prior year quarter
- The trend in 12m trailing average is more consistent, and the run rate averages c£150m per quarter

DB sales quarterly progression (£m, FY)

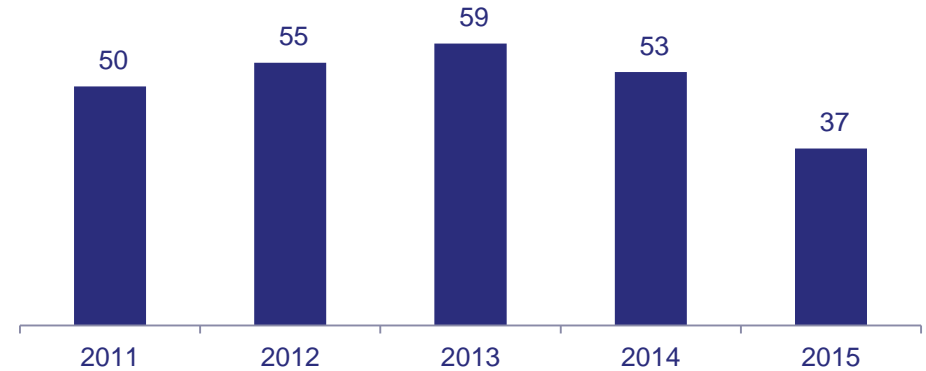


IFRS new business operating profit

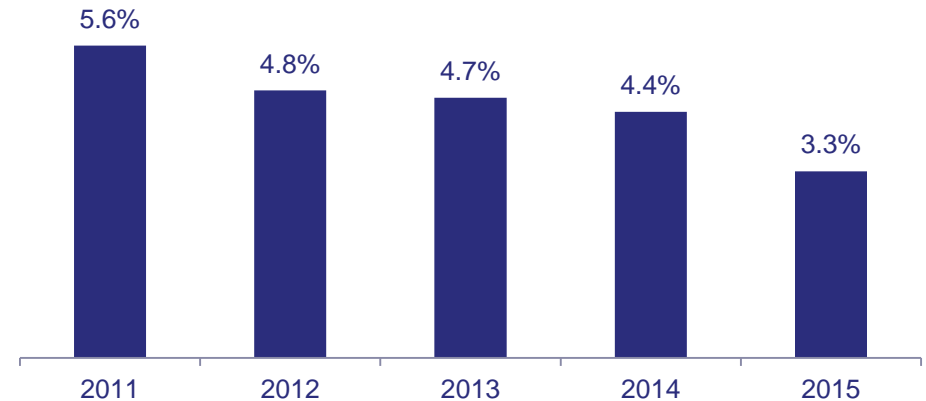
As expected, margins have remained under pressure

- GifL pricing has generally been competitive since the Budget, with a similar amount of capital chasing a smaller pool of demand
- GifL margin pressure has been partly offset by the beneficial mix effect of writing DB
- Mortgage pricing remains attractive and has supported the overall margin
- Cost reductions have helped to offset lower volumes
- The 3.3% overall margin for FY14/15 represents a modest recovery from the first half margin, helped by improving mortgage returns.

New business profit (£m, FY)



Margins (FY)

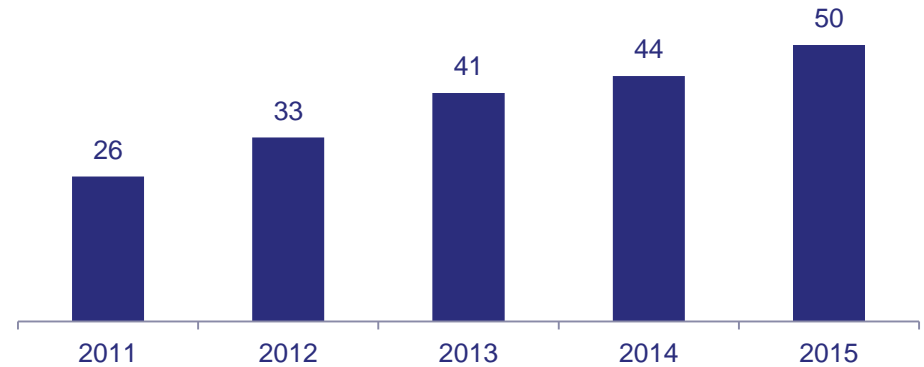


Growing IFRS in-force profit

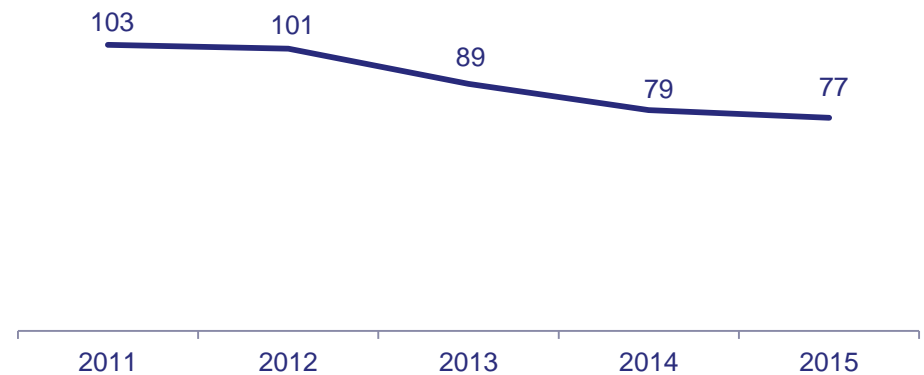
In-force profit growth driven by a maturing book

- In-force profit has grown 14% due to strong growth in opening liabilities and stable in force margins
- We continue to have positive net inflows
- The Budget had no effect on in-force results

Growing in-force profit (£m, FY)

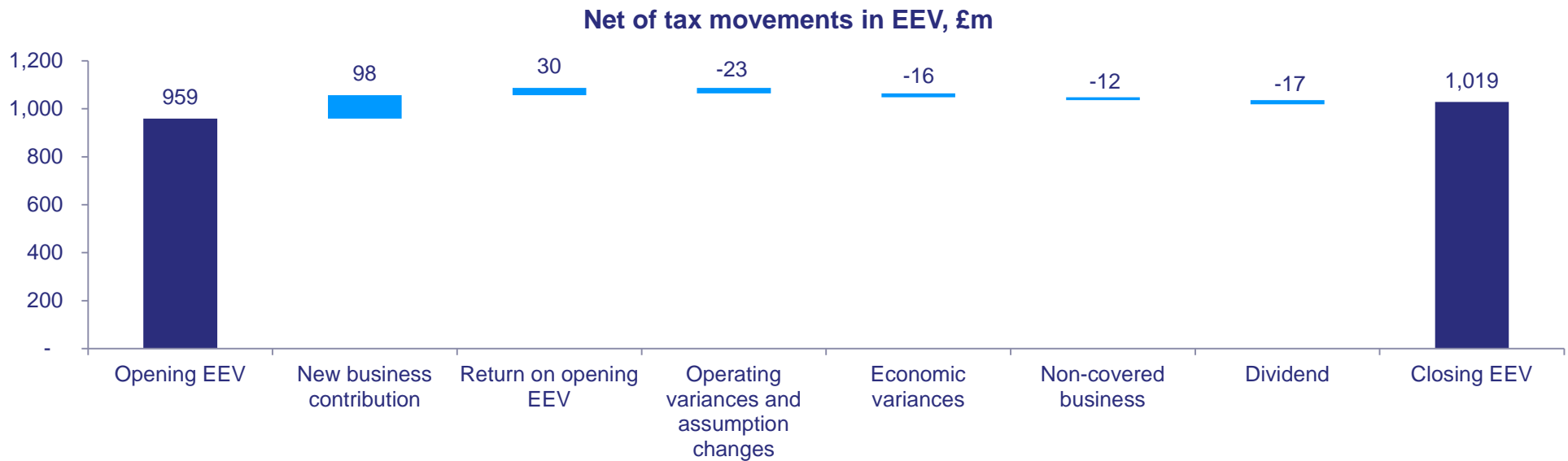


In-force margins (bp)



Group embedded value increased to £1,019m

- EEV has risen to £1,019m, or 204p per share.
- This represents an annualised growth rate of 8% before distributions
- This was driven by a 19% increase in life operating profit which was partly offset by economic variances.



Capital and dividends

- We principally manage our business using the Economic Capital basis
- Economic capital at 176% is comfortably ahead of our 140% minimum target, an improvement on the 171% December level
- Final dividend of 2.2p per share is unchanged compared to the prior year
- The directors keep the amount and mix of capital under constant review. We intend to maintain our capital strength, particularly given the opportunity to grow DB volumes
- Solvency 2 preparations continue ahead of January 2016. We submitted our internal model application in May and applied for matching adjustment in June

Group economic capital

| | Jun-15 | Dec-14 | Jun -14 |
|--------------|--------|--------|---------|
| Surplus (£m) | 395 | 387 | 440 |
| Coverage | 176% | 171% | 178% |

JRL Pillar one

| | Jun-15 | Dec 14 | Jun-14 |
|--------------|--------|--------|--------|
| Surplus (£m) | 220 | 254 | 389 |
| Coverage | 166% | 173% | 236% |

Outlook

Rodney Cook – Group CEO

Post Budget strategy: long term opportunity unchanged by the proposed merger

| Area | Impact of Budget | Response |
|--|---|--|
| Individual retirement income products | <ul style="list-style-type: none"> ■ Fewer people are likely to buy a Guaranteed Income for Life aged 65 ■ Continued need for longevity protection ■ Opportunity to develop new products ■ Guidance could encourage more shopping around ■ Increased DC pensions will extend universe of customers | <ul style="list-style-type: none"> ■ Launched Flexible Pension Plan; modern GifL and regulated retirement advice service ■ 2014 cost saving programme fully implemented. Added £5m to development budget ■ Clear ongoing need for guaranteed income for life from most customer segments ■ Further products in-development for the individual retirement income market |
| DB de-risking | <ul style="list-style-type: none"> ■ Not directly impacted by Budget ■ Significant market potential remains | <ul style="list-style-type: none"> ■ Medical underwriting means ensures competitiveness ■ Continued focus on small schemes which offer most scope for medical underwriting ■ Strong and growing pipeline of opportunities ■ Continued development of DB de-risking proposition |
| LTM | <ul style="list-style-type: none"> ■ Not directly impacted by Budget ■ Individual annuities have been providing funding. DB liabilities even better match than IUAs for LTMs ■ Long term growth drivers remain | <ul style="list-style-type: none"> ■ Delivering targeted levels of LTM advances, supported by DB funding |

Stronger together: accelerating our strategy with Partnership

Compelling strategic benefits

Scale to grow in attractive segments

- Larger capital base enables broader DB proposition and enhances perceived strength of covenant
- Increased penetration and traction in core segments driven by greater scale

'Consumer champion'

- Stronger competitive position in UK retirement income market
- Combined specialist management teams pooling expertise to accelerate product development
- Improved customer outcomes

Outstanding intellectual property

- Combined IP utilised to facilitate more accurate pricing
- Extensive mortality data sets and underwriting expertise
- Improved risk selection and reserving accuracy

More efficient distribution

- Streamlining of sales functions leading to a more efficient distribution model
- Overseas expansion facilitated through combined international expertise

Clear financial benefits

Earnings accretion from cost synergies

- At least £40m of annual pre-tax operating cost synergies with the full run-rate savings being achieved in 2018
- Drives meaningful EPS accretion for both Just Retirement and Partnership shareholders on a fully phased basis⁽¹⁾

Cash generation supports growth and dividend capacity

- Complementary in-force portfolios and improved operational efficiency post integration provide greater capacity for cash generation
- Supports growth and, over time, the combined group's dividend capacity

Stronger capital position

- Capital strength enhanced by planned equity raise
- Covers expected non-recurring integration and transaction costs
- Provides comfort over transition to Solvency II
- Provides financial flexibility to pursue future growth initiatives and product development

Note: 1. Following intended £150m equity raise and excluding non-recurring costs

Anticipated transaction timetable

Assuming Phase 1 CMA unconditional clearance

11 August 2015

- Announcement of merger
- Partnership interim results for the 6 months ended June 2015
- Irrevocable undertakings from 53.4% of Just Retirement shareholders and 56.1% of Partnership shareholders

Today
17 September 2015

- Just Retirement preliminary results for the year ended June 2015

Late October 2015

- CMA Phase 1 clearance

November 2015

- Scheme document and Class 1 circular issued to shareholders
- Just Retirement GM held for shareholder vote
- Partnership GM and Court meeting held for shareholder vote

Early December 2015

- PRA and FCA clearances

By 31 December 2015

- Court sanction of scheme
- Transaction completion

Conclusion and Outlook

- The two years since IPO have been challenging, but we have continued to deliver.
 - DB has replaced lost individual business
 - We have adapted our individual products for the new world
- Strategy unchanged by the proposed merger, except for the rate of execution.
- Maintaining organic momentum and achieving the synergies now our two key areas of focus.
- DB pipeline continues to strengthen with expectation for 1st half financial year 2016 increased 33% to £400m. Note that this business is lumpy and flow is likely to be concentrated in the 2nd quarter
- We expect Q1 15/16 GIfl sales to be up by c.25%.

Questions?

Contact and financial calendar

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Just Retirement Group

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www.justretirementgroup.com

Financial calendar

Q1 trading statement 2015/16: 5 November 2015

Record date for final dividend: 13 November 2015

Payment of final dividend: 7 December 2015

Interim Results 2015/16: 23 February 2016

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