

Sustainable Growth, Sharper Focus, Enhanced Returns

Legal & General sets out refreshed strategy and financial targets

Group shares vision for a growing, simpler and better-connected business, focused on three core divisions¹, and announces £200m share buyback for 2024 as first step of plan to increase returns to shareholders.

Sustainable growth

- Institutional Retirement: Grow Pension Risk Transfer (PRT) volumes, writing £50-65bn in the UK by year-end 2028², increasing store of future profit³ and generating permanent capital to catalyse asset management growth
- Asset Management: Invest to drive scale and profitability, achieving cumulative Annualised Net New Revenues of £100-150m (2025-28) and growing Private Markets platform assets under management to £85bn by FY 2028
- Retail: Strengthen lifetime Retail proposition, including by leveraging growing Workplace DC platform for customer acquisition, targeting £40-50bn of cumulative net flows in Workplace DC (2024-28)

Sharper focus

- Create single Asset Management division, bringing LGIM (Legal & General Investment Management) and LGC (Legal & General Capital) together as a unified, global, public and private markets asset manager
- Embed revised Capital Allocation policy across the Group, aligning investment to rigorous assessment of performance and strategic fit
- Maximise the value of non-strategic assets through a new Corporate Investments Unit

Enhanced returns

- Target 6-9% core operating EPS CAGR (2024-27) at an operating return on equity of over 20%⁴
- £5-6bn cumulative Solvency II operational surplus generation across 2025, 2026 and 2027
- The Board intends to return more to shareholders over 2024-27⁵, through a combination of dividends and buybacks, with 5% DPS growth to FY24 and a first share buyback of £200m in 2024, followed by 2% DPS growth per annum out to FY27 and further similar buybacks⁶

Group Chief Executive Officer, António Simões, and Group Chief Financial Officer, Jeff Davies, will present the Group's strategy at a Capital Markets Event at 930am (BST). A link to the presentation webcast is [here](#). Slides will be made available shortly before 930am.

Legal & General Group CEO, António Simões said:

"Over the last 5 months we have rigorously reviewed our business, listening to investors, customers, partners and employees. This work has deepened my belief in our strong foundations and excellent potential.

L&G is in prime position to respond to and benefit from major structural and societal changes. Changing demographics, climate transition, economic uncertainty and technology are driving demand for trusted, experienced investors that can manage risk through the cycle, originate productive assets, and deliver returns for savers.

Our vision is for a growing, simpler, better-connected L&G, focused on three core business divisions, and set apart by our shared sense of purpose and powerful synergies.

By seizing the opportunity in Institutional Retirement while investing to scale and deepen our capabilities in Asset Management and Retail, we will evolve our business to better address society's changing investment needs, and

¹ New business divisions will be known as Institutional Retirement (formerly LGRI), Asset Management (formerly LGIM and LGC) and Retail

² Subject to market conditions and achieving target returns

³ See Notes for financial definitions

⁴ We expect 2024 Core Operating Profit to grow by mid-single digits year on year, with growth weighted more heavily to H2

⁵ Compared to returns that would result from maintaining the current 5% per annum dividend growth rate over this period

⁶ All capital returns will be subject to the market environment, our views on solvency buffers, and opportunities for investment in the business, including Institutional Retirement

shift towards fee-based earnings at higher returns on capital. We will make the most of our international business opportunities, with a particular focus on the US.

The strategy and targets set out today signal L&G's ambition and commitment to invest to grow our business, and reward our shareholders for their support."

Divisional strategies

Institutional Retirement

The Group is well placed to seize the significant Institutional Retirement opportunity, both in the UK and internationally. The addressable market is significant – only 10% of the c.£6.6tn of Defined Benefit pension assets in the UK, the US, Canada and the Netherlands have so far transferred to insurers.

In the UK, where we are the market leader, volumes are expected to average £45bn per annum over the next decade, up from c£25bn per annum since 2018. Internationally, we have an established position in the US and are growing in Canada and exploring our partner model in the Netherlands. We will continue to pursue a disciplined approach to profitable growth in these markets.

By FY 2028 we expect to:

- Grow Institutional Retirement operating profits at 5-7% CAGR (2023-2028)
- Write £50-65bn of UK PRT at a capital strain of less than 4% (2024-2028)

Asset Management

We are bringing together LGIM and LGC into a single, global asset manager, and investing to scale and deepen their complementary capabilities across public and private markets.

We are committed to driving growth in public markets, creating a scalable global operating platform, driving margin expansion through operating leverage and increasing average revenue margin.

We plan to materially scale our in-house and origination platform capability in private markets, significantly expanding our capabilities and client offerings across Real Estate, Private Credit and Infrastructure, including through an accelerated programme of fund launches.

Michelle Scrimgeour has announced her intention to step down from the role of LGIM CEO, and the Group has begun a global search for a CEO to lead the growth of the combined Asset Management division. Michelle will continue as CEO of the legal entity, LGIM (Holdings) Limited, until this appointment is made, and will lead the transition and establishment of our new division with Laura Mason⁷, who is appointed CEO of Private Markets. Both will report to the Group CEO.

By FY 2028 we expect to:

- Deliver operating profit of £500-600m by 2028
- Achieve Cumulative Annualised Net New Revenues (ANNR) of £100-150m (2025-2028)
- Grow our Private Markets platform AUM⁸ to £85bn (£48bn at FY23)

Retail

We will invest to drive growth in retirement and savings, recognising the opportunities presented by the growth in defined contribution and decumulation assets, and the corresponding customer need for support and guidance.

We will focus on scaling our Workplace platform profitably, leveraging our strong Mastertrust position and opportunities in technology to improve the quality and efficiency of our proposition.

At the same time, we will aim to increase the profitability and capital contribution of our Protection businesses, making better use of technology and AI to improve efficiency and customer experience.

By FY 2028 we expect to:

- Achieve 6-8% CAGR in operating profit (2023-2028)
- Generate £40-50bn of Workplace net flows (2024-2028)

Corporate Investments

Non-strategic assets, most materially CALA, will be managed by a Corporate Investments Unit, reporting to the Group CFO, with the goal of maximising shareholder value ahead of potential divestment.

⁷ Laura Mason was previously CEO of L&G Capital

⁸ Including 100% of Pemberton fee-earning AUM

Notes

About Legal & General plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at FY23) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

As at 7 June 2024, we estimate the Group's Solvency II coverage ratio to be **224%**.

As at 11 June 2024, Legal & General has a market capitalisation of £14.6 billion.

Definitions

Store of future profit: Store of future profit is defined as gross of tax Contractual Service Margin (CSM) and Risk Adjustment (RA).

Annualised net new revenues: The annualised revenue on new monies invested by our clients in the year, minus the annualised revenue on existing monies divested by our clients in the year, plus or minus the annualised revenue on switches between asset classes / strategies by our clients in the year.

Core operating profit: Operating profit performance of the core businesses (excluding the Corporate Investments unit) less Group debt and expenses.

Core operating earnings per share: Core operating profit, reduced by tax at the UK corporation tax rate, divided by the average number of shares over the year.

Operating return on equity: Operating profit, reduced by tax at the UK corporation tax rate, divided by average IFRS equity.

Forward-looking statements

This announcement contains certain forward-looking statements relating to Legal & General, its plans and its current goals and expectations relating to future financial condition, performance and results.

Statements herein, other than statements of historical fact, regarding Legal & General's future results of operations, financial condition, cash flows, business strategy, plans and future objectives are forward-looking statements. Words such as "targets", "believe", "expect", "aim", "intend", "plan", "seek", "will", "may", "should", "anticipate", "continue", "predict" or variations of these words, as well as other statements regarding matters that are not historical facts or regarding future events or prospects, constitute forward-looking statements. Please read more about the risks facing Legal & General in the section entitled 'Principal risks and uncertainties' on pages 56 to 59, as well as and in notes 7 and 15-17, of the 2023 annual report and accounts available at <https://group.legalandgeneral.com/>. These forward-looking statements are based on current views with respect to future events and financial performance. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General'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, Legal & General'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 announcement should not place reliance on forward-looking statements. Nothing in this announcement should be construed as a profit forecast or to imply that the earnings of Legal & General for the current year or future years will necessarily match or exceed its historical or published earnings.

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 announcement or any other forward-looking statement it may make.

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