

## Utmost Group Limited: 2020 Full Year Results to 31 December 2020

28 May 2021

### Utmost Group delivers strong results for 2020; the Group is ready to capitalise on its strong market position in the year ahead

The proposed acquisition of Quilter International will bring additional scale, skillsets and cashflows to the Group

#### Commenting on the results, Paul Thompson, Group CEO said:

"The pandemic has swept the world and introduced considerable uncertainty, but our teams have risen to the challenge, demonstrating their commitment and resolve. As our results for 2020 demonstrate, our strong values, adaptability and continued focus on our long-term vision have sustained our momentum. We anticipate the year ahead will be a period of growth, and our Group is ready.

Our people have worked commendably in trying circumstances. They have demonstrated the values of the Group and I would like to thank them for their dedication and commitment. As a result of their motivation, attention to detail and collaborative spirit, the Group entered 2021 with the confidence to pursue a significant acquisition in Quilter International.

Our ambitions are considerable, and we will continue to pursue our strategy focused on developing our businesses. Driven by the agility of our teams, their entrepreneurial spirit and building on our momentum, Utmost Group enters 2021 with cautious confidence and ready to forge ahead."

#### 2020 Highlights

- Utmost Group has delivered a strong set of results for 2020 in a challenging year. As our results demonstrate, our strong values, adaptability and continued focus on our long-term vision have sustained our momentum
- In October 2020 the Group reorganised so that its two businesses, Utmost International (UI) and Utmost Life and Pensions (ULP), were brought together under a single UK holding company, Utmost Group Limited, with one strategy and one brand. Utmost Group Limited is a UK registered company subject to group regulation by the PRA
- In April 2021 the proposed acquisition of Quilter International was announced. It will add £22bn of assets under administration and 90,000 policies to Utmost International. It confirms Utmost International's position as a leading global provider of international life assurance. The transaction is expected to complete by year end 2021

#### Delivering on our KPIs

- **Assets under Administration (AUA):** AUA was £36.7bn at YE 2020, increasing 22% from £30.1bn at the end of 2019 as a result of the Equitable Life acquisition and a strong market performance despite the volatility of Q1 2020
- **Annual Premium Equivalent (APE):** APE was £180m in 2020 compared to APE of £173m in 2019. Our sales and marketing teams did an excellent job working closely with our distribution partners, to maintain and grow new business despite the challenges of being unable to meet in person for the vast majority of the year
- **Value of New Business (VNB):** In 2020, VNB was £30m, an increase of 7% compared to 2019 VNB of £28m. The solutions provided by Utmost Wealth Solutions and Utmost Corporate Solutions tailor to the bespoke and often complex requirements of our client base. As a result, our business has been able to maintain and slightly increase its margins despite the proliferation of purely online propositions

- **Operating Profit (OP):** Operating profit was £85m in 2020 compared to £87m in 2019. In 2020 just over half of the Group's operating profit was contributed by ULP with the remainder from Utmost International. We expect each business to continue to contribute to the Group's operating profit, generating cash and capital to be deployed by Utmost Group
- **Solvency II Economic Value (SII EV):** Group SII EV (gross of debt) increased by £185m from £1,457m at 31 December 2019 to £1,642m at 31 December 2020, driven by the acquisition of the Equitable Life business in the year as well as the delivery of expense synergies, the writing of profitable new business and the performance of investment markets
- **Client Retention:** The Group has adopted client retention as a non-financial KPI for 2020 as a measure of customer experience. Across each business client retention was in excess of 90%, with each businesses' retention rate similar to its 2019 level, driven by a strong proposition and good client service

### Resilient Balance Sheet

- **Solvency Position:** The Group's solvency position at YE 2020 was 183% and its Own Funds were £1,262m. The mix of our fee base, between per policy and AUA based charges, and the equity symmetric adjustment contributed to the stability in the Solvency Coverage Ratio in 2020. Total capital generation over the projected life of the in-force business is estimated as £1,676m
- **Prudent Capital Structure:** The Group maintains a prudent capital structure and aims to maintain a leverage ratio of 20-30% of SII EV, gross of debt. As at 31 December 2020 the leverage ratio was approximately 18% with ample funding capacity for future acquisitions
- **Strong Credit Ratings:** The Utmost International operating subsidiaries maintained their Fitch Insurer Financial Strength ratings of "A" with a Stable Outlook throughout 2020. In April 2020 Fitch conducted a ratings review of European life insurers under a set of base- and stress-case rating assumptions to reflect the pressures from the Covid-19 pandemic, following which Fitch affirmed these ratings
- **Inaugural UGL Credit Rating:** In October 2020, following the group reorganisation, Fitch awarded Utmost Group Limited an inaugural Issuer Default Rating (IDR) of "BBB+" reflecting the Group's strong capitalisation and leverage, strong business profile and good financial performance

### Delivering our Strategic Goals

- **Acquisition Activity:** A highlight early in the year was the completion of the Equitable Life business transfer, adding £6bn to our AUA. The transaction bolsters the Group's standing in the UK life segment
- In April 2021, the proposed acquisition of Quilter International was announced. The transaction will bring additional scale, skillsets and cashflows to the Group, creating an enlarged international business with enhanced growth opportunities
- Notwithstanding the growth momentum of the Group, we remain disciplined and apply our strict financial and operational metrics to all acquisition activity
- **Organic Growth:** Record Utmost International inflows in 2020 of £1.8bn reflect the hard work of our sales and marketing teams to embed our brand and its values with our partners and our clients. This achievement is particularly remarkable given the operational impact of the pandemic
- **Good Client Outcomes:** UI and ULP continue to focus on proposition development, deploying our expertise to ensure our solutions continue to meet client needs and deliver good value for money

- **Integration:** The integration of previous transactions was largely completed despite the difficult working environment and the Group is ready to capitalise on its strong position in the year ahead

### **Sustainability is at the Heart of our Strategy**

- The Group launched its Sustainability Strategy which champions the environment and diversity, in line with our values to make a positive difference. Our commitment to good customer outcomes has extended to making commitments to protect the environment and make a positive difference in our communities and society
- As a part of the Sustainability Strategy the Group has approved its ESG Investment Standards which introduce some key measures to integrate ESG factors throughout our investment process. The Standards apply to our shareholder assets and guided architecture assets where we can exercise some influence and control
- We have committed to reducing and minimising the environmental impact of our operations and to embed a sustainable mindset into our corporate philosophy. Our target is to have a net zero carbon emissions operational footprint within 5 years. We are introducing supplier best practices, and within our supply chain we look to work with select organisations which operate in line with our corporate philosophy and help us deliver our long-term vision

Please see the UGL Annual Report and Accounts 2020 and Group SFCR 2020 [HERE](#)

### **Basis of Preparation**

Utmost Group Limited's annual results are presented on a predecessor accounting basis including both the Utmost International and Utmost Life and Pensions businesses as if the current Utmost Group corporate structure had been in place for the whole of 2019 and 2020. The financial performance of the Group is assessed using a variety of financial measures including our six KPIs.

### **For further information, please contact:**

#### **Utmost Group Limited**

Anne Marie Shepherd, Head of Strategy and Corporate Affairs

Tel: +44 (0)203 861 4347 / Email: [annemarie.shepherd@utmostgroup.co.uk](mailto:annemarie.shepherd@utmostgroup.co.uk)

#### **Temple Bar Advisory**

Alex Child-Villiers / William Barker

Tel: +44 (0)20 7183 1190 / Email: [utmost@templebaradvisory.com](mailto:utmost@templebaradvisory.com)

### **About Utmost Group Limited**

Utmost Group Limited is a specialist life assurance group. Its principal businesses are Utmost International and Utmost Life and Pensions, which together are responsible for c. £37bn of primarily unit-linked policyholder assets for c. 510,000 customers.

Utmost Group Limited is authorised and regulated by the PRA.

### **About Utmost International**

Utmost International provides international life assurance to affluent, high-net-worth and ultra-high-net-worth individuals through Utmost Wealth Solutions, and group risk and savings solutions to multi-national corporates through Utmost Corporate Solutions.

In 2020, Utmost International had £30bn of assets under administration, 130,000 customers, and wrote £1.8bn of new business premiums. It was formed through the acquisition of insurers that were previously owned by major insurance groups. Uniting them under a common strategy and achieving significant synergies has created a financially and operationally robust insurance group that is strongly positioned to win new business.

### **About Utmost Life and Pensions**

Utmost Life and Pensions is a specialist UK life consolidator, focused on the acquisition of life assurance businesses in the UK. It was formed through the demutualisation and acquisition of the Reliance Mutual and Equitable Life businesses. It looks after 380,000 customers with £7bn of assets under administration. Utmost Life and Pensions is authorised by the PRA and regulated by the FCA and the PRA.