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Media Release

AIA DELIVERS EXCELLENT RESULTS IN THE FIRST HALF OF 2019

VALUE OF NEW BUSINESS UP 20 PER CENT OPERATING PROFIT UP 12 PER CENT; INTERIM DIVIDEND UP 14 PER CENT

HONG KONG, 23 August 2019 – AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) delivered an excellent performance in the six months ended 30 June 2019 with double-digit growth across our main financial metrics. Value of new business (VONB) increased by 20 per cent on a constant exchange rate basis, compared with the corresponding six-month period ended 30 June 2018.

Growth rates are shown on a constant exchange rate basis below:

Very strong growth in value of new business

- 20 per cent growth in VONB to US\$2,275 million
- Annualised new premiums (ANP) increased by 9 per cent to US\$3,443 million
- VONB margin up 6.2 pps to 65.6 per cent

Robust operating profit generation and increased returns

- Operating profit after tax (OPAT) up by 12 per cent to US\$2,898 million
- Embedded value (EV) operating profit increased by 11 per cent to US\$4,523 million
- Operating return on EV (operating ROEV) up by 30 bps to 17.3 per cent

Strong cash flow and resilient capital position

- EV Equity of US\$61.4 billion; EV of US\$59.7 billion, up US\$5.2 billion from 31 December 2018
- Underlying free surplus generation of US\$2,804 million, up 15 per cent
- Free surplus of US\$16.1 billion, up US\$1.3 billion from 31 December 2018
- Solvency ratio for AIA Company Limited (AIA Co.) of 415 per cent on the HKIO basis

Strong increase in interim dividend

- 14 per cent growth in interim dividend to 33.30 Hong Kong cents per share

Ng Keng Hooi, AIA’s Group Chief Executive and President, said:

“AIA has delivered double-digit increases in our main financial metrics in the first half of 2019, continuing our consistent track record of growth. Value of new business increased by 20 per cent to a record half-year result of US\$2,275 million for the Group. We also generated a 12 per cent increase in operating profit after tax and 15 per cent growth in underlying free surplus generation.

“The Board has declared a 14 per cent increase in interim dividend for 2019. This reflects our continued strong financial performance and demonstrates our confidence in the outlook for the Group.

“AIA’s wholly-owned business in China was our fastest growing market segment with excellent growth of 34 per cent in VONB. I am also pleased that our new sales and service centres in Tianjin and Shijiazhuang, Hebei commenced operations at the end of July. Our business in Hong Kong once again performed strongly with a 19 per cent increase in VONB, benefiting from broad-based growth across customer segments and distribution channels.

“VONB growth of our operations in Thailand and Malaysia was supported by our sustained focus on enhancing agent professionalism and developing our strategic bancassurance partnerships. Within our Other Markets, 17 per cent growth in VONB was driven by strong performances in Australia, the Philippines and Vietnam.

“AIA’s proprietary agency distribution delivered 21 per cent growth in VONB as our Premier Agency strategy achieved a further increase in active agents and productivity. I am delighted that AIA continues to rank number one in the world for Million Dollar Round Table members with more than 12,000 registered members. VONB from our partnership business increased by 17 per cent, supported by excellent growth of our multiple bancassurance partnerships across the region.

“In June, AIA’s brand was recognised as Asia’s Number One Insurance Brand*. Our purpose-led brand promise, Healthier, Longer, Better Lives, exemplifies our commitment to become a lifelong partner to our customers. The ongoing success of AIA Vitality demonstrates our focus on customer centricity and membership of our wellness programmes exceeded 1.5 million at the end of June.

“AIA’s excellent performance in the first half of 2019 is a clear reflection of our consistent focus on executing our strategic priorities and is underpinned by our significant competitive advantages in the Asia-Pacific region. While we are not immune to market volatility, our diversified, robust and high-quality business model continues to place AIA in an advantaged position in the Asian life insurance markets where growth fundamentals remain resilient.

“As we celebrate our centennial this year, we remain very confident about the long-term outlook for AIA. We will continue to focus on delivering long-term sustainable value for our shareholders and helping millions of our customers live Healthier, Longer, Better Lives.”

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About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, Mainland China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka and a 49 per cent joint venture in India. In April 2019, AIA was also granted approval as a preferred applicant to operate in Myanmar through a 100 per cent wholly-owned subsidiary.

The business that is now AIA was first established in Shanghai a century ago in 1919. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$256 billion as of 30 June 2019.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia-Pacific, AIA serves the holders of more than 34 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

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* Source: *Campaign Asia*, a major regional marketing publication, June 2019

APPENDIX

Financial Summary

Key Performance Highlights

US\$ millions, unless otherwise stated	Six months ended	Six months ended	YoY	YoY
	30 Jun 2019	30 Jun 2018	CER	AER
New Business Value				
Value of new business (VONB)	2,275	1,954	20%	16%
VONB margin	65.6%	59.5%	6.2 pps	6.1 pps
Annualised new premiums (ANP)	3,443	3,252	9%	6%
IFRS Earnings				
Operating profit after tax (OPAT)	2,898	2,653	12%	9%
Dividends				
Dividend per share (HK cents)	33.30	29.20	n/a	14%
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US\$ millions, unless otherwise stated	As at	As at	Change	Change
	30 Jun 2019	30 Dec 2018	CER	AER
Embedded Value (EV) Equity	61,418	56,203	8%	9%

New Business Performance by Segment

US\$ millions, unless otherwise stated	Six months ended			Six months ended			VONB Change	
	30 Jun 2019			30 Jun 2018			YoY CER	YoY AER
	VONB	Margin	ANP	VONB	Margin	ANP		
Hong Kong	945	68.0%	1,367	796	62.2%	1,252	19%	19%
Thailand	215	66.8%	321	204	71.0%	287	5%	5%
Singapore	173	64.8%	267	178	61.4%	290	-	(3)%
Malaysia	130	65.4%	198	124	60.3%	204	10%	5%
China	702	93.2%	753	556	91.0%	611	34%	26%
Other Markets	224	41.8%	537	201	32.8%	608	17%	11%
Subtotal	2,389	68.9%	3,443	2,059	62.7%	3,252	19%	16%
Adjustment to reflect consolidated reserving and capital requirements	(39)	n/m	n/m	(28)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(75)	n/m	n/m	(77)	n/m	n/m	n/m	n/m
Total	2,275	65.6%	3,443	1,954	59.5%	3,252	20%	16%

Notes:

- (1) All figures are presented in actual reporting currency (US dollar) and based on actual exchange rates (AER) unless otherwise stated. Change on constant exchange rates (CER) is calculated using constant average exchange rates for the six months ended 30 June 2019 and for the six months ended 30 June 2018 other than for balance sheet items that use CER as at 30 June 2019 and as at 31 December 2018.
- (2) Change is shown on a year-on-year basis compared with the corresponding six-month period ended 30 June 2018, unless otherwise stated.
- (3) Long-term economic assumptions used in the EV basis for the interim results are the same as at 31 December 2018 as shown in the supplementary embedded value information in our Annual Report 2018. Non-economic assumptions used in the EV basis are based on those as at 31 December 2018 updated to reflect AIA's latest view of expected future experience.
- (4) VONB is calculated based on assumptions applicable at the point of sale and before deducting the amount attributable to non-controlling interests. The amounts of VONB attributable to non-controlling interests in the six months ended 30 June 2019 and in the six months ended 30 June 2018 were US\$15 million and US\$13 million respectively.

- (5) VONB includes pension business. ANP and VONB margin exclude pension business.
- (6) OPAT is shown after non-controlling interests unless otherwise stated.
- (7) Operating return on EV is measured on an annualised basis.
- (8) Interim dividends for 2019 and 2018 were declared for the six months ended 30 June 2019 and the seven months ended 30 June 2018, respectively.
- (9) In the context of our reportable market segments, Hong Kong refers to operations in Hong Kong Special Administrative Region and Macau Special Administrative Region; Singapore refers to operations in Singapore and Brunei; China refers to operations in Mainland China; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, Indonesia, Korea, the Philippines, Sri Lanka, Taiwan, Vietnam and India. The results of our joint venture in India are accounted for using the equity method. For clarity, TWPI, ANP and VONB exclude any contribution from India.
- (10) AIA's financial information in this document is based on the unaudited interim condensed consolidated financial statements and supplementary embedded value information for the six months ended 30 June 2019.

This document contains forward-looking statements relating to AIA Group Limited that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. When used in this document, the words "will", "future" and similar expressions are intended to identify forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements.

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