

## BUSINESS UPDATE FOR THE PERIOD ENDED 31 DEC 2016

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### NEWS RELEASE

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### JRP GROUP PLC BUSINESS UPDATE FOR THE PERIOD ENDED 31 DECEMBER 2016 FOCUS ON MARGIN EXPANSION, CAPITAL DISCIPLINE & MERGER PROGRESS

JRP Group plc ("JRP", "the Group") announces a business update for the period ended 31 December 2016.

#### Highlights

- Our core focus on pricing discipline has meant that our IFRS new business margin for 2016 should exceed previous guidance and is now likely to exceed 6% (2015 pro forma - 3.6%). This expansion has been helped by pricing and risk selection, as well as attractive mortgage yields.
- Pro forma sales (as if the merger had taken place on 1/1/15) were up 2% for Guaranteed Income for Life (GifL), confirming the stabilisation of this market post pension freedom and choice. Our addressable market is expected to grow in 2017, boosted by growth in the open market.
- Pro forma DB De-risking (DB) sales were 24% lower, as fully expected, given the exceptionally high sales in the second half of 2015 ahead of the introduction of Solvency II. However, the underlying growth rate is better indicated by pro forma DB sales in 2016 which were up 37% compared to pro forma 2014 sales. Future growth prospects remain very positive for the segment.
- Pro forma Lifetime Mortgage (LTM) advances fell by 6% (reflecting the lower DB sales), but at 32% of GifL and DB sales were ahead of our 25% target.
- Run rate merger cost synergies of £30m p.a. were achieved, out of the £45m targeted by end 2018. This is well ahead of schedule, and will contribute to profit margins in 2017.

JRP pro forma new business	12 months to 31/12/16	12 months to 31/12/15	Change
	£m	£m	%
Defined Benefit De-risking	943	1,233	(24)
Guaranteed Income for Life	778	763	2
Care Plans	97	92	5
<b>Retirement Income sales</b>	<b>1,819</b>	2,088	(13)
Drawdown	25	21	22
<b>Total Retirement sales</b>	<b>1,844</b>	2,109	(13)
Protection	5	5	(7)
Lifetime mortgage loans advanced	559	598	(6)
<b>Total new business sales</b>	<b>2,408</b>	2,712	(11)

#### Rodney Cook, Group Chief Executive, said:

"The transformation of our business since the merger is more than delivering the expected benefits. We have adapted the business rapidly in 2016 to the new regulatory environment. This will continue into 2017, with our primary focus on growing earnings by using our combined IP for better risk selection and by driving down costs.

Our DB pipeline continues to grow, and we are progressing DB transactions at all stages of the sales process with a number of major Employee Benefit Consultants.

The GifL market is continuing to stabilise, and we remain confident that, following further regulatory intervention by the Financial Conduct Authority, more GifL customers will shop around, rather than just taking their pension saving company's in-house offering. This means our addressable market for GifL should increase, and several pension companies are creating GifL panels on which we expect to feature.

We took full advantage of favourable economic conditions in the first 9 months of the year for Lifetime Mortgages and then intentionally managed back sales in the final quarter. The LTM market grew by more than 30% in 2016, and it remains attractive with favourable underlying dynamics.

I would like to thank colleagues across the Group for maintaining our excellent customer service during a challenging merger process. The rapid progress achieved to date, including our ahead of schedule delivery of cost savings, confirms the benefits we saw in recommending the merger to shareholders in 2015."

	31/12/16	31/12/15	
	£m	£m	%
Defined Benefit De-risking	1,645	1,310	26
Guaranteed Income for Life	973	749	30
Care Plans	97	29	240
<b>Retirement Income sales</b>	<b>2,715</b>	2,088	30
Drawdown	32	56	(42)
<b>Total Retirement sales</b>	<b>2,747</b>	2,144	28
Protection	3	0	n/a
Lifetime mortgage loans advanced	730	545	34
<b>Total new business sales</b>	<b>3,481</b>	2,689	29

#### Notes

- The merger of Just Retirement and Partnership is required for accounting purposes to be treated as an acquisition by Just Retirement of Partnership with an effective date of the beginning of April 2016. Accordingly the statutory information includes 18 months of Just Retirement and nine months results of Partnership. Just Retirement Group plc (renamed JRP Group plc) changed its year end to 31 December and consequently its next statutory reporting period will be for the 18 months to December 2016. As a consequence pro-forma sales data as though the merger took place at the beginning of January 2015 have been presented to give the market an understanding of the business of the merged Group.
- Numbers in table subject to rounding.

FINANCIAL CALENDAR	DATE
Defined Benefit De-risking seminar	22 February 2017
Preliminary results for the 18 months ended 31 December 2016	10 March 2017

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A copy of this announcement will be available on the Group's website [www.jrpgroup.com](http://www.jrpgroup.com)

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