



HEALTHIER, LONGER,  
BETTER LIVES

友邦保險控股有限公司

香港中環干諾道中一號  
友邦金融中心三十五樓

AIA Group Limited

35/F, AIA Central  
1 Connaught Road Central  
Hong Kong  
T: (852) 2832 6166  
F: (852) 2838 2005

AIA.COM

## Media Release

### AIA DELIVERS AN EXCELLENT PERFORMANCE IN 2018

#### VALUE OF NEW BUSINESS UP 22 PER CENT OPERATING PROFIT UP 13 PER CENT; FINAL DIVIDEND UP 14 PER CENT

**HONG KONG, 15 March 2019** – AIA Group Limited (“AIA”; or the “Company”; stock code: 1299) delivered excellent operating performance with double-digit growth across our main financial metrics for the twelve months<sup>1</sup> ended 31 December 2018, including very strong growth in value of new business (VONB) of 22 per cent on a constant exchange rate basis, compared with the corresponding twelve-month period ended 31 December 2017.

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

#### Very strong growth in value of new business

- 22 per cent growth in VONB to US\$3,955 million
- Annualised new premiums (ANP) increased by 15 per cent to US\$6,510 million
- VONB margin up 3.7 pps to 60.0 per cent

#### Strong operating profit generation

- Operating profit after tax (OPAT) up by 13 per cent to US\$5,298 million
- Embedded value (EV) operating profit increased by 23 per cent to US\$8,278 million
- Operating return on EV (operating ROEV) up by 110 bps to 16.3 per cent

#### Robust cash flow and resilient capital position

- EV Equity of US\$56.2 billion; EV of US\$54.5 billion, up US\$3.7 billion
- Underlying free surplus generation of US\$4,945 million, up 13 per cent on a comparable basis
- Free surplus of US\$14.8 billion
- Net remittances of US\$2.8 billion
- Solvency ratio for AIA Company Limited (AIA Co.) of 421 per cent on the HKIO basis

#### Strong increase in recommended final dividend

- 14 per cent growth in final dividend to 84.80 Hong Kong cents per share
- Total dividend (excluding special dividend) up 14 per cent to HK\$1.14 per share
- A special dividend of 9.50 Hong Kong cents per share

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

“AIA has once again delivered an excellent performance with double-digit growth across our main financial metrics in 2018. Value of new business increased by 22 per cent to reach a new record of US\$3,955 million. We also achieved strong growth of 13 per cent in both operating profit after tax and underlying free surplus generation. These very strong results were achieved against a backdrop of economic uncertainty and financial market volatility.

<sup>1</sup>The Company announced the Group’s audited consolidated results for the thirteen-month period ended 31 December 2018 today. In February 2018, the Board resolved to change the Company’s financial year-end date from 30 November to 31 December. Accordingly, the current financial period-end date of the Company is 31 December 2018. The 2018 consolidated financial statements adopting the new year-end date is for the thirteen-month period ended 31 December 2018 with the comparative figures prepared based on the twelve-month period ended 30 November 2017. For details, please visit [www.aia.com](http://www.aia.com) for the Company’s 2018 Annual Results Announcement published today.

“Our business in China delivered an excellent performance with VONB growth of 30 per cent. I am also delighted that we recently received approval to set up sales and service centres in Tianjin and Shijiazhuang, Hebei. Hong Kong delivered another very strong performance with 24 per cent VONB growth and VONB in Singapore grew by 18 per cent. Thailand returned to growth with VONB up 12 per cent, as our agency transformation delivered tangible results.

“AIA’s agency channel had another excellent year with 26 per cent VONB growth and the Group now has more than 10,000 Million Dollar Round Table (MDRT) members. In partnerships, our bank channel delivered 18 per cent VONB growth and we activated four new strategic partnerships including with Bangkok Bank in Thailand and SK Telecom in Korea.

“Our brand promise, Healthier, Longer, Better Lives, epitomises our commitment to customers as AIA shifts towards being a partner for life with wellness as a key focus. Membership of our wellness programmes exceeded 1.2 million, transforming engagement and delivering meaningful health improvements for our customers.

“These strong results are underpinned by our diversified, robust and high-quality business model together with our relentless focus on capturing the significant opportunities presented by the long-term structural drivers of growth across Asian insurance markets.

“The Board has recommended an increase of 14 per cent in the 2018 final dividend and a special dividend of 9.50 Hong Kong cents per share due to the change in financial year-end date. The dividends reflect the strength of AIA’s financial results and our confidence in the outlook for the Group.

“The scale, quality and breadth of AIA’s exceptional businesses across the Asia-Pacific region, combined with our unrivalled distribution capabilities, trusted brand, financial strength and innovation capabilities, enable us to meet the evolving needs of our customers for protection and long-term savings as we help them to live Healthier, Longer, Better Lives.

“We enter 2019, our centennial year, with confidence about our long-term outlook. AIA has always been committed to providing financial protection and driving economic and social development across the region. Our centenary gives us the opportunity to reaffirm our commitments and our focus on delivering long-term sustainable value for our shareholders.”

- End -

## **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, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar.

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\$230 billion as of 31 December 2018.

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 33 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”).

## **Contacts**

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<b>Investment Community</b>		<b>News Media</b>	
Lance Burbidge	+852 2832 1398	Stephen Thomas	+852 2832 6178
Evelyn Lam	+852 2832 1633	Mark Walters	+852 2832 1978
Feon Lee	+852 2832 4704	Emerald Ng	+852 2832 4720
Rachel Poon	+852 2832 4792		

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## APPENDIX

### Financial Summary

#### Key Performance Highlights

US\$ millions, unless otherwise stated	Twelve months ended	Twelve months ended	YoY	YoY
	31 December 2018	31 December 2017	CER	AER
<b>New Business Value</b>				
Value of new business (VONB)	3,955	3,206	22%	23%
VONB margin	60.0%	56.0%	3.7 pps	4.0 pps
Annualised new premiums (ANP)	6,510	5,624	15%	16%
<b>IFRS Earnings</b>				
Operating profit after tax (OPAT)	5,298	4,635	13%	14%
<b>Dividends</b>				
Dividend per share (HK cents)				
- Final	84.80	74.38	n/a	14%
- Total	114.00	100.00	n/a	14%
<b>Special Dividend</b>				
Special dividend per share (HK cents)	9.50	n/a	n/a	n/a
	<b>As at</b>	<b>As at</b>	<b>Change</b>	<b>Change</b>
US\$ millions, unless otherwise stated	31 December 2018	31 December 2017	CER	AER
Embedded value (EV) equity	56,203	52,429	9%	7%

#### New Business Performance by Segment

US\$ millions, unless otherwise stated	Twelve months ended 31 December 2018			Twelve months ended 31 December 2017			VONB Change	
	VONB	Margin	ANP	VONB	Margin	ANP	YoY CER	YoY AER
Hong Kong	1,712	62.0%	2,697	1,384	53.7%	2,493	24%	24%
Thailand	447	73.1%	611	381	73.4%	519	12%	17%
Singapore	357	65.4%	547	297	69.7%	426	18%	20%
Malaysia	247	63.8%	382	215	62.5%	340	8%	15%
China	965	90.5%	1,067	725	83.1%	873	30%	33%
Other Markets	435	35.8%	1,206	395	39.9%	973	13%	10%
<b>Subtotal</b>	<b>4,163</b>	<b>63.2%</b>	<b>6,510</b>	<b>3,397</b>	<b>59.4%</b>	<b>5,624</b>	<b>21%</b>	<b>23%</b>
Adjustment to reflect consolidated reserving and capital requirements	(56)	n/m	n/m	(61)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(152)	n/m	n/m	(130)	n/m	n/m	n/m	n/m
<b>Total</b>	<b>3,955</b>	<b>60.0%</b>	<b>6,510</b>	<b>3,206</b>	<b>56.0%</b>	<b>5,624</b>	<b>22%</b>	<b>23%</b>

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 twelve months ended 31 December 2018 and for the twelve months ended 31 December 2017 other than for balance sheet items that use CER as at 31 December 2018 and as at 31 December 2017.
- (2) Change is shown on a year-on-year basis compared with the corresponding twelve-month period ended 31 December 2017, unless otherwise stated.

- (3) 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 twelve months ended 31 December 2018 and in the twelve months ended 31 December 2017 were US\$27 million and US\$22 million respectively.
- (4) VONB includes pension business. ANP and VONB margin exclude pension business.
- (5) OPAT is shown after non-controlling interests unless otherwise stated.
- (6) The growth rates of underlying free surplus generated are calculated on a comparable basis before the reduction of US\$263 million in the twelve months ended 31 December 2018 relating to the change in reserving and capital requirements for consolidation purposes following the subsidiarisation of AIA Korea.
- (7) Total dividend of HK\$1.14 per share for the twelve months ended 31 December 2018 does not include the special dividend for the additional month in the accounting period due to the change in financial year-end.
- (8) Hong Kong refers to operations in Hong Kong and Macau; Singapore refers to operations in Singapore and Brunei; 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.
- (9) AIA's financial information in this document is based on the audited consolidated financial statements and supplementary embedded value information for the twelve months ended 31 December 2018, unless otherwise stated.

*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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