AIA Group Limited 2020 Interim Results

Analyst Briefing Presentation – Transcript

20 August

Garth Jones, Group Chief Financial Officer:

Good morning everyone and welcome to our First Half 2020 Results. I am Garth Jones, Group Chief Financial Officer.

Let me begin with today's agenda. I will start with our first half results and how AIA has successfully responded to the effects of the COVID-19 pandemic. Our new Group Chief Executive and President, Lee Yuan Siong, will then talk about our new strategy that builds on AIA's competitive advantages and strong track record to transform AIA for the benefit of our shareholders and customers. While these presentations were recorded earlier this week, we will later move to a Q&A session conducted by live teleconference.

Before I update you on the business performance in the first half of 2020, let me say that – particularly in the current circumstances – we do hope that you remain safe and well. The pandemic has impacted us all and brought about extraordinary macroeconomic conditions, as well as many operational challenges. AIA has responded rapidly and effectively to a socially distanced world. We seized the opportunity to accelerate the use of technology, moving more of our processes online, providing uninterrupted support for our customers and distributors, while always ensuring the safety of our people. Our financial results demonstrate the strength of our established business model, built on high-quality distribution, recurring and diversified sources of income, and geographical diversification at scale, across the most dynamic region in the world for life and health insurance.

AIA's financial performance in the first half of 2020 demonstrates our resilience in the context of an unprecedented economic environment. The most direct impact of the pandemic as containment measures progressively increased was on sales, as restrictions limited the movement of people and face-to-face meetings. Pre-pandemic we had a bright start to the year, and while the value of new business declined by 37 per cent during the first half, we have seen strong positive momentum market by market as restrictions eased. EV equity of 61.4 billion dollars, after the payment of the shareholder dividend in the first half, decreased slightly as negative investment variances offset operating profit. The quality of our growing in-force business supported a 5 per cent increase in operating profit after tax to 2.9 billion dollars, and shareholder's allocated equity increased to 43.3 billion dollars. Underlying free surplus generation grew by 11 per cent to 3 billion dollars, reflecting growth in the value of our in-force business. And the Board has declared an interim dividend of 35 Hong Kong cents per share, up 5 per cent on 2019. These robust financial results reflect AIA's continuing focus on executing our strategic priorities while exercising financial discipline to generate attractive returns for shareholders.

As usual, I will now provide more detail in the three areas of growth, earnings, and capital and dividends, starting with growth.

AIA's portfolio of market-leading businesses enables us to capitalise on the attractive long-term growth opportunities available across Asia-Pacific. While the pandemic impacts on sales have been widespread, looking at the VONB month by month, the main driver was clearly the timing and scale of containment measures. AIA China achieved positive year-on-year growth in the second quarter on a like-for-like basis as movement controls eased and became the largest contributor to the Group's VONB for the first time. AIA Hong Kong's result was primarily driven by the minimal numbers of Mainland Chinese visitors since early February, while business in the domestic segment remained resilient across each quarter. More generally, we saw strong VONB momentum resume across all our markets as containment measures eased, supported by new online capabilities.

In addition to daily agency activities, we moved our end-to-end agent recruitment and training capabilities online. We have had very strong success with online recruitment in particular; our businesses held more than 8,000 online seminars in the first half, supporting growth in new recruits of more than 20 per cent. We introduced additional capabilities to complete sales remotely and securely across all of our markets, without the need for physical face-to-face meetings. Over 90 per cent of our products can now be sold remotely.

The response to these new online capabilities has been very positive, with more than 40 per cent of agency cases in the second quarter closed remotely. We also moved swiftly to support our customers, providing additional COVID-19 related coverages free of charge, and we provided support to the communities we serve, for example with complementary coverage to front-line ancillary workers here in Hong Kong.

I should recognise and thank our customers for their commitment and confidence in AIA during these difficult times. In the first half, renewal premiums increased by 13 per cent, reflecting the quality of our in-force book and the compounding effect of our focus on regular premium products. Renewal commissions from quality business have helped our agents weather the financial impacts of the pandemic and further highlighted the benefits of a career with AIA. Throughout the turbulence of the first half, our persistency has remained very strong at greater than 95 per cent, unchanged from last year.

This slide shows the strong positive VONB momentum that has built up across our markets as movement controls eased. The first country was Mainland China, and our business recovered quickly in March. VONB grew year-on-year in the second quarter, as I mentioned, and this has continued into July, with strong growth over July 2019. AIA Hong Kong also saw positive momentum from domestic customers after the lows in March, when stricter measures were introduced; VONB from domestic customers in both June and July was more than double the result in March. For the most part, the rest of the Group saw peak containment measures in April, and we have seen VONB progressively recover through May, June and July.

In all markets, our agency distribution has been strengthened by additional online capabilities; for example, close to 100 per cent of our new business in India was completed remotely in the second quarter. We have seen continued use of these online tools even as restrictions have eased across our markets and face-to-face meetings resumed. Overall, we are very encouraged by the strong momentum we have seen generated across the Group.

EV operating profit was 3.9 billion dollars, supported by continuing positive operating variances of 389 million dollars. Operating ROEV was 12.9 per cent, a robust performance given the environment in the first half. Operating profit offset both negative investment return variances and the further reduction in our long-term economic assumptions to reflect lower interest rates. This maintained EV equity at 63.8 billion dollars before the payment of the 2019 final dividend and exchange rates.

AIA's continuing positive operating experience reflects the quality and resilience of our in-force business. Mortality and morbidity claims experience remained positive, supported by lower incidence of non-critical medical claims during the pandemic. Despite reduced new business volumes, in aggregate, expense variances also continued to be positive. Our EV results demonstrate the prudence in our operating assumptions, our pricing discipline, and the proactive management of our large in-force book. Overall, operating variances have added more than 3 billion dollars to EV since our IPO.

AIA's EV sensitivities to both interest rates and equity market movements remain small. Our EV methodology uses spot market yields and trends over time to our long-term assumptions. The interest rate sensitivity shown here applies a 50 basis points movement from the current spot government bond yields and our long-term assumptions including equity returns and risk discount rates. Our long-term assumptions aim to smooth out short-term volatility in markets, and we made a further reduction at the half-year for the first time, reflecting lower rates. The weighted assumed rates remained in line with market forward rates at the end of June 2020. We will continue to review our assumptions for each reporting period, as we have since IPO.

EV equity of 61.4 billion dollars is now 2.5 times the level at IPO, demonstrating our long track record of shareholder value creation. You can see that the main growth driver of EV equity over time is EV operating profit. We have generated more than 54 billion dollars of EV operating profit through the addition of profitable new business and proactive in-force management. Net variances remained small, including the negative from the first half at just 1.5 billion dollars in total since our IPO.

Now to earnings and our IFRS results. The Group's operating profit after tax increased by 5 per cent to 2.9 billion dollars from our growing in-force business. This was supported by lower non-critical medical claims. With fewer movement restrictions, we expect additional claims later in the year and have provisioned for this. Overall, our operating margin remained stable at 17.5 per cent.

AIA Hong Kong delivered 7 per cent growth to 1 billion dollars, despite the impact of lower bond investment income and the change in long-term investment return assumptions on equities made at the end of 2019. AIA China continued to deliver very strong growth with a 22 per cent increase, reflecting high quality earnings and increased scale, while AIA Singapore increased by 11 per cent through active management of the in-force. Our Thailand business was affected by increased lapses due to weak consumer sentiment together with lower equity returns. In Australia, we experienced a higher cost of income protection claims which reduced Other Markets' OPAT. Finally Malaysia, where – excluding the impact of a one-off industry-wide initiative – OPAT grew by 9 per cent.

Shareholders' allocated equity increased by 5 per cent to 45.5 billion dollars before the payment of the 2019 final dividend and exchange rate movements. Growth in operating profit more than offset negative mark-to-market movements in equities. After payment of 1.5 billion dollars to shareholders, allocated equity remained stable at 43.3 billion dollars.

Operating profit after tax of 2.9 billion dollars in the first half was 3 times the figure in 2010, reflecting the significant new business growth that has increased the size of our in-force book. The resilience of our portfolio is a result of it being steadily built up through quality business accumulated over many years. Consistently, 99 per cent of our total weighted premium income has been recurring, and these premiums have been invested on a prudent basis in high-quality well-diversified assets. The average credit quality of our bonds has remained stable at A- during the first half and only 0.3 per cent of our bond portfolio migrated from investment grade. We have seen no impairments in the first half. This focus on quality forms the foundation of our resilient sources of earnings, demonstrated by our continued growth in the first half of 2020.

Operating profit after tax has added more than 37 billion dollars to shareholders' allocated equity since our IPO. While movements in the market value of equities causes short-term volatility in net profit, it is clear that this has averaged out over time to just 1.2 billion dollars since IPO. After shareholder dividend payments of more than 10 billion, shareholders' allocated equity of 43.3 billion dollars at the end of June was 2.5 times the level at IPO.

Finally, capital and dividends. The solvency ratio for AIA Co. remained strong at 328 per cent and reflects lower government bond yields and equity markets in the first half. The legislation for the Hong Kong Group Wide Supervision (GWS) framework was enacted on 17 July. While we are awaiting further details from subsidiary legislation, we have shown our expectation of how the framework applies to AIA. This is the Group LCSM Cover Ratio of 350 per cent shown here, and as you can see, it has remained strong and stable from the ratio at the year-end. This does not include any contribution from our medium-term notes and there are further details of the calculation of this ratio in the interim results pack. Both of these solvency measures demonstrate the Group's strong capital position.

Underlying free surplus generation increased by 11 per cent to 3.0 billion dollars, benefiting from further growth of the in-force portfolio. New business investment of 0.7 billion dollars reduced by 4 per cent. Free surplus increased by 2.2 billion dollars before investment variances and dividend payment. Investment return variances reduced free surplus by 3.9 billion dollars, primarily from the movement in regulatory reserves from the reduction in government bond yields, most notably in the United States and Thailand. After the payment of 1.5 billion for shareholder dividends, closing free surplus was 11.8 billion dollars.

UFSG consists of four elements: the emergence of profits from the value of in-force; the release of required capital as the in-force business matures; the expected investment return on free surplus; and the operating variances that flow into free surplus. The first two of these – the emergence of profits and release of required capital from in-force – are the main drivers of UFSG. You can visualise this as moving from the left-hand chart to the right-hand chart. As I said at the full year, persistent low interest rates could slow free surplus emergence and remittances from some of our businesses – that is the pace of movement from the left-hand chart to the right-hand chart. You can see that, as we have added successive layers of quality new business since IPO, our growing profitable in-force book has translated into a growing level of UFSG, with both our value of in-force and UFSG having more than doubled.

Since IPO, cumulative underlying free surplus generation has reached almost 38 billion dollars. Our primary goal is to grow our new business organically, and we have reinvested close to 14 billion to generate more than 23 billion dollars of VONB. We have paid dividends to our shareholders of more than 10 billion and we have selectively taken advantage of inorganic opportunities. While the events of 2020 are an extreme example of capital market stress, a combination of positive and negative investment variances has accumulated to a small net impact of 1 billion dollars. Our stock of free surplus has increased by 6.8 billion since IPO to 11.8 billion dollars, aligned with the growth in our balance sheet.

The Board has declared a 5 per cent increase in the interim dividend to 35 Hong Kong cents per share. This increase reflects both the Group's strong financial position and the unprecedented macroeconomic and capital markets environment. The Board continues to follow AIA's established prudent, sustainable and progressive dividend policy, allowing for future growth opportunities.

In conclusion, the Group's results in the first half of 2020 demonstrate our resilience in an extreme environment. We have seen strong momentum in markets as containment measures have been progressively relaxed, supported by our enhanced online sales capabilities. The quality of our growing in-force business helped drive increases in both operating profit after tax and underlying free surplus generation. EV equity was maintained and shareholders' allocated equity increased before the payment of the 2019 final dividend. Our financial position is robust with strong solvency levels, and we have declared a further increase in our interim dividend. These results reflect the quality and resilience of our business, our strong execution capabilities, and our disciplined financial management – in summary, our continuing ability to build sustainable value for our shareholders.

I will now hand over to Yuan Siong, who will talk about the future for AIA.

Lee Yuan Siong, Group Chief Executive:

Good morning and thank you for joining us. On behalf of all of us at AIA, let me begin by saying that we hope that you and your families are safe and in good health. I am incredibly proud of the way AIA's staff, agents and partners have responded to the challenges brought about by the COVID-19 pandemic and provided uninterrupted service and support to our customers and communities.

Since becoming Group Chief Executive and President on the 1st of June, I have worked with the senior leadership team to complete a full strategic review of the business. AIA is a great company with outstanding people, significant competitive advantages and incredible opportunities to grow shareholder value. We see substantial potential in all of our markets, and the structural drivers of growth in Asia – and in particular for AIA – remain resilient and powerful. To take full advantage of this structural growth, our clear and ambitious new strategy will transform our company, building on AIA's strong track record and significant competitive advantages to drive profitable growth well into the future.

This morning I will share with you some highlights, and I very much look forward to giving you further updates as we deliver our strategic priorities.

Our new strategy builds on five long-term structural drivers of growth. Compounding wealth creation and the increasing need for protection generate immense potential for life insurance across the region. Understanding rapidly shifting consumer behaviour is critical in turning this potential into reality for millions of customers. Wellness, healthcare and higher expectations of quality of life into old age are increasingly front-of-mind.

At the same time, consumers are unsure of how much cover they need and which products to buy. With so many options, they increasingly rely on personal recommendations and choose companies that provide trusted advice with relevant, timely and personalised services. Advances in technology and digital have opened up increasing opportunities for greater connectivity, scale, and efficiency, driven by deeper customer insights and analytics.

Lastly, as the events of 2020 demonstrate, resilience is paramount in a world of increasingly frequent but hard-to-predict shocks. All of our stakeholders expect us to respond in the right way, with purpose and a view to long-term sustainability. This new strategy will ensure that AIA has the competitive advantages to fully leverage all of these powerful structural growth drivers.

As I said earlier, AIA is a great company with significant competitive advantages. We have an unparalleled platform in Asia built up over many decades and hold leading positions in the vast majority of our markets. Our 100 per cent focus on Asia will not change, and our 100 per cent ownership structures allow us to capture the full economics of growth for our shareholders in the world's most attractive region for life insurance.

A step change in technology, digital, and analytics is at the heart of our strategy. This will transform the experience of our customers, distributors, partners and employees, achieving greater growth and efficiency. Our customer experience will be built on the principles of simplicity, timeliness, and reliability, exceeding expectations. There is a substantial opportunity to accelerate growth in the number of our premier agents, especially in our developing and emerging markets, while driving ever-higher quality using digital and analytics. Integrating our technology with our industry-leading portfolio of bank and digital partnerships will provide access to millions of previously untapped customers. Exclusive platforms and ecosystems will differentiate our protection and long-term savings propositions, making them impossible for our competitors to copy.

Underpinning everything we do is our strong culture of empowerment – enabled by a simpler, faster, more connected organisation – and our financial discipline, focused on sustainable, profitable growth. Let me take you through some highlights.

The rapid middle-class expansion in Asia will see our target customer base double in 10 years, growing 7 times faster than the rest of the world. While wealth creation in Asia has grown dramatically, life insurance penetration remains incredibly low, and the protection gap only gets wider. The compounding effect of growing economies and increasing life insurance penetration creates unprecedented and resilient growth potential for Asia's life insurance markets and in turn for AIA.

AIA is exceptionally well-placed to capture this opportunity. Our strategic focus on Asia and our unrivalled platform allows us to actively assess channel, product, and market dynamics to deploy capital and create the greatest value for shareholders over the long-term. This discipline drives stronger levels of profitability and superior VONB margins that strengthen our leadership positions across our markets.

Mainland China is a great example of this and provides AIA with a unique opportunity. In July, we were honoured to become the only foreign company with a wholly-owned life insurance subsidiary in Mainland China. On Tuesday we held the opening ceremony for our new subsidiary in Shanghai and have made substantial progress on our plans to expand our footprint.

AIA China's strong track record of growth speaks for itself. Through our differentiated strategy, AIA's agents generate 4.7 times the VONB of our competitors on average and annual VONB has grown 17 times since 2010. Even so, our customers make up less than 2 per cent of the middle-class population available to us today, leaving significant upside in our existing footprint. As we target additional provinces for growth, the potential market for AIA quadruples. Our strategy is scalable and proven and will allow us to capture this opportunity.

I have long admired AIA China's Premier Agency model. Now that I have spent time with our exceptional team and seen the disciplined execution of our differentiated strategy, I am very confident that we can grow rapidly and sustainably. In each new city we successfully replicate our Premier Agency, supported by management from our established operations. Our highly-digitalised model drives activity management, efficiency and scalability, and ensures our strict quality standards are maintained as we expand.

AIA China's agents earn more than twice the average local income, powerful proof of our successful model, enabling us to attract, develop and retain the best agents. We have a very strong track record of expansion into new cities, as you can see in Jiangsu, with 67 per cent compound growth in VONB. AIA's model delivers strong and sustainable results and we are ready to take full advantage of the extraordinary opportunity that Mainland China presents for us.

As I said earlier, a step change in technology, digital, and analytics is at the heart of our new strategy, and there is enormous potential to transform AIA. Let me take you through each in turn, beginning with technology.

The foundation of our transformation is the upgrading to fully modern architecture and systems so that we can scale our strategic initiatives and drive greater efficiency, connectivity, and ease of working. Our ambitious plans require 90 per cent cloud adoption, ensuring our technology needs are met in real-time. Greater automation will deliver straight-through processing rates of 90 per cent across core customer journeys, resulting in industry-leading cost efficiencies. Extensive use of big data and artificial intelligence in our business processes will deepen understanding of our customers' needs and lead to smarter, faster decision-making. All of this will result in best-in-class experiences for our customers, distributors, partners and employees. Our aim is to position AIA as industry-leading in the use of technology not just in the region, but globally.

Moving to digital, our vision is best-in-class connectivity for our agents, customers and partners, allowing for rapid and seamless interactions. For Premier Agency, powerful new tools enhance recruitment, training, agency management, sales and servicing. This eliminates manual processes, leading to higher productivity at increased scale. Our partners benefit from seamless and integrated experiences for their customers, enabling access to previously untapped segments, and our own digital platforms drive engagement and customer traffic to AIA through new models and non-traditional partners. And customers interact with AIA anytime, anywhere, through multiple channels across their learn, buy, service and claim journeys. Greater digital interactions create richer data for analytics models, which ultimately benefit and enrich the customer experience. We have set ambitious KPIs for each of these, demonstrating our commitment to achieving our goals.

Data analytics will power everything that we do at AIA. There are many potential uses for analytics within each of our functions. We have identified and prioritised a set of 60 high-impact use cases; these provide deeper and actionable insights into customer needs and preferences, powering our distribution, operations, and other functions. Our approach is to test and learn in one market and then industrialise across our 18 markets to quickly replicate success.

While this slide shows analytics by function, applying them across every element of customer and agent journeys will transform end-to-end experiences. For example, using analytics, we can deliver a distinctive, personalised and more meaningful experience for customers. In the learn stage, we can match customers with the most suitable products and channels. Agents are automatically prompted with the next best offer for customers. Predictive underwriting and personalised pricing leads to frictionless sales and increased conversion rates, and simplified service with faster turnaround times leads to better outcomes, including improved retention and profitability.

I am really passionate about providing the best experience for our customers, and this includes our promise to look for every reason to pay a claim. AIA's best-in-class experience will be based on personalised engagement and the principles of simplicity, timeliness, and reliability. Our goal will be to always exceed expectations. To achieve this, a number of fundamental shifts are necessary: reorienting the organisation around customer journeys rather than functions; embedding data and analytics in everything we do; raising Group-wide minimum standards; and implementing real-time customer feedback. Outstanding customer experience will also achieve a range of business benefits, including unlocking new business growth, driving higher quality sales, improving persistency, and generating more products per customer.

Next, I will cover our differentiated quality distribution. AIA has built an unparalleled Premier Agency platform with market-leading positions across Asia. Since joining, I have met with many of our agents and leaders across the region – they are the most professional, productive and dedicated agents I have seen. AIA has been the number one MDRT company globally for six years in a row and we have set the benchmark for professional agency in the industry.

In our developed markets, we will continue to grow AIA's successful Premier Agency through our recruitment, training and development initiatives. In Mainland China, AIA has the highest-quality and most productive agents in the market, and our potential is clear and unprecedented. In our developing and emerging markets we will drive a step change in the growth in our numbers of active agents to meet the significant opportunities in countries such as Thailand, Vietnam, Indonesia and India, and I am clear that we will do this while continuing to raise quality through the use of technology to support our next generation of agency leaders. Next-gen leaders have been instrumental to the success of our fastest growing markets, such as China, in recent years. Technology, digital and analytics transforms the ability of our leaders to recruit, train and actively manage increasing numbers of new agents supported by real-time performance tracking. Analytics is also essential for expanding distribution capacity by helping us identify and fast-track future leaders.

For our agents, full adoption of digital tools across the entire Premier Agency value chain delivers a material improvement in productivity, higher agent retention, and ensures that we continue to achieve the best income levels for our agents. As we embed powerful analytics and integrate social media, our digital tools become even more effective in driving agency success. All of this is critical to ensuring that our premier agents remain the most active and productive in the industry, while significantly increasing capacity.

You can see that India and China are already leading the way on digital adoption, but there is much more we can do across the Group and we have very ambitious targets. We have long-term and leading bancassurance partnerships across Asia. In addition to our regional relationship with Citibank, we have partnered with top 3 domestic banks across 9 of our markets. The vast majority of our key strategic partnerships have more than 10 years left to run; this gives us access to more than 100 million existing customers with significant potential for growth. The quality of these partners and their leading retail positions in their local markets are a key competitive advantage for AIA.

Our successful model has achieved very strong VONB growth relying on in-branch referrals from relationship managers to our insurance specialists. Our new digitally-led model uses data-driven marketing and propensity models to better target in-branch customers and provide broader access to previously untapped online and credit card customers. As digital banking evolves, we offer our customers more choice of how to purchase, from fully online to face-to-face advice. We have a tremendous opportunity to increase engagement with greater numbers of customers to accelerate our VONB growth.

Digital platforms bring new models and new growth. As consumer behaviours evolve, the demand for choice and convenience is driving usage of digital platforms for day-to-day transactions and services. We are connected to an expanding network of the best partners, allowing access to hundreds of millions of highly-engaged and active users.

But these non-traditional channels need non-traditional approaches. We will adopt an agile approach as we constantly test and learn how best to on-board customers and increase conversion rates. For example, we gained more than a million new AIA Vitality members through SK Telecom's digital platform. These models offer a whole new way for AIA to attract millions of new customers, many outside our usual demographics.

To lead the industry in providing compelling propositions, our strategy has two key areas of focus: expanding AIA's Health and Wellness offering; and leveraging AIA's Regional Funds Platform. Our protection strategy is focused on next-generation life and health products fully integrated with our Health and Wellness ecosystem, including AIA Vitality as the core engagement platform. Our ambition is to extend AIA's leadership position by delivering better health outcomes for our customers, resulting in lower costs of insurance.

By incentivising behavioural change, AIA Vitality has achieved impressive results. Members are more engaged, with up to 80 per cent higher cross-sales of new products and 50 per cent greater persistency than non-members, generating higher VONB and improved business outcomes. We will accelerate our ability to scale AIA Vitality so that we lead the market in prediction and prevention, and help customers stay healthier for longer.

Our broader Health and Wellness ecosystem is anchored on four fundamental components. The first is AIA Vitality. The second will be our local network of telemedicine and healthcare providers. This will be accompanied by AIA's Regional Health Passport, leveraging our footprint to offer policyholders access to the leading international hospitals in the region. Finally, personal case management – for example with Medix, our exclusive regional partner – ensures customers receive the best possible medical care. Along the entire healthcare journey, we will partner with best-in-class solution providers to deliver both value and improved health outcomes. As I said earlier, integrated and exclusive access to our Health and Wellness ecosystem further differentiates our protection propositions to our customers and makes them difficult to copy by our competitors.

I highlighted the opportunities from Asia's significant wealth creation earlier. Asia also has the world's fastest-growing retirement population, and a majority of personal financial assets are held by those nearing retirement. Our objective is simple: to encourage these individuals to save more effectively.

We do this by leveraging AIA's scale and distribution power to build strong relationships with leading external fund managers globally. We create AIA's proprietary investment strategies using the best managers offered exclusively to AIA's customers integrated into our innovative savings products. These funds are offered through AIA's Regional Funds Platform and provide retail access to leading institutional fund managers through a range of diversified fund options. Our experienced team gives customers peace of mind through professional stewardship encompassing our proven manager selection process and ongoing performance monitoring. We will use our platform to accelerate our ambition to meet the needs of consumers across the region for legacy protection, retirement income, and long-term savings.

AIA's enviable track record of performance has been achieved through a culture of local empowerment with accountability. Our new people strategy has been designed to leverage our distinct culture. We will streamline our organisational structure to improve cross-functional collaboration, embed new agile ways of working where optimal, and attract the best technology, digital, and analytics talent. This will make AIA a simpler, faster, more connected organisation, and secure the execution of our strategic priorities.

The execution of our strategy will extend AIA's track record of superior profitable growth driving strong earnings, free surplus generation, and prudent sustainable and progressive dividends. We continue to see significant opportunities to reinvest capital to deliver organic growth at attractive returns for shareholders. We will do this by following our highly disciplined approach of optimising value creation rather than purely chasing top line volumes, constantly looking to improve capital efficiency and the quality of our portfolio. With such attractive reinvestment economics, our ability to invest in substantial new business growth remains an important priority and differentiator for AIA.

I have covered a lot this morning, so I would like to leave you with these key messages. AIA operates in the most attractive markets in the world for life insurance. We remain 100 per cent focused on Asia, with substantial growth opportunities in all of our markets. In Mainland China, our new potential target market is 4 times our current footprint, and we have a proven track record of expansion. A step change in technology, digital, and analytics is at the heart of our strategy and will transform AIA. We will accelerate growth in the number of our premier agents using technology to ensure quality standards and support our next-gen leaders. Digitally-led partnership models will support our distribution channels by providing new ways to attract and engage significant numbers of previously untapped customers. Our integrated protection and long-term savings propositions will deliver improved outcomes for customers and will be impossible for competitors to replicate. Underpinning all of this will be our financial discipline and a simpler, faster, more connected organisation, to ensure that we achieve all of our strategic plans.

I am confident that our clear and ambitious strategy will achieve our purpose of helping millions of people live Healthier, Longer, Better Lives, while delivering profitable growth and shareholder value well into the future.

Thank you for listening.