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Media Release

AIA DELIVERS ANOTHER YEAR OF EXCELLENT GROWTH

VALUE OF NEW BUSINESS UP 28 PER CENT OPERATING PROFIT UP 16 PER CENT AND FINAL DIVIDEND UP 17 PER CENT EV EXCEEDS US\$50 BILLION FOR THE FIRST TIME

HONG KONG, 27 February 2018 – The Board of Directors of AIA Group Limited (stock code: 1299) is pleased to announce that AIA has delivered strong results for the year ended 30 November 2017 with double-digit growth across our main financial metrics. Highlights are shown on a constant exchange rate basis:

Excellent growth in value of new business (VONB)

- 28 per cent growth in VONB to US\$3,512 million
- Annualised new premiums (ANP) increased by 19 per cent to US\$6,092 million
- VONB margin up 4.1 pps to 56.8 per cent
- PVNBP margin increased to 10 per cent from 9 per cent in 2016

Strong operating profit generation

- IFRS operating profit after tax (OPAT) up 16 per cent to US\$4,647 million
- Embedded value (EV) operating profit increased by 19 per cent to US\$6,997 million
- Operating return on EV (operating ROEV) up 110 bps to 16.6 per cent

Robust cash flow and resilient capital position

- EV Equity of US\$51.8 billion; EV of US\$50.1 billion, up US\$8.0 billion
- Underlying free surplus generation of US\$4,527 million, up 13 per cent
- Free surplus of US\$12.3 billion
- Net remittances of US\$2.1 billion
- Solvency ratio for AIA Co., our principal operating company, of 443 per cent on the HKIO basis

Significant increase in recommended final dividend

- 17 per cent growth in final dividend to 74.38 Hong Kong cents per share
- Total dividend of 100.00 Hong Kong cents per share, an increase of 17 per cent

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

"AIA has delivered another strong performance with double-digit growth across our main financial metrics. Value of new business increased by 28 per cent to reach a new high of US\$3,512 million and we also achieved strong growth in IFRS operating profit and free surplus. Today's results are the direct outcome of the scale, quality and breadth of AIA's exceptional businesses across the region and the significant progress we are making in delivering our strategic objectives.

"The Board has recommended an increase of 17 per cent in the 2017 final dividend, reflecting the strength of AIA's financial results as well as our confidence in the outlook for the Group.

"AIA has been in Asia for almost a century and we operate in some of the most dynamic and attractive life insurance markets in the world. With our deep roots and long history in Asia, we have aligned our growth strategy with the opportunities created by the unprecedented structural economic, demographic and social changes taking place across our markets. AIA's extensive distribution reach, product innovation, trusted brand and outstanding people capabilities place us in a unique position to help safeguard the financial security of consumers across the Asia-Pacific region.

"Our focus continues to be on the execution of our strategic priorities that will build on our competitive advantages and make a material difference to AIA's future. I am confident that our teams will continue to deliver profitable growth and long-term value for our shareholders as we help our customers live healthier, longer, better lives and plan for a brighter future."

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 almost a century ago. 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\$216 billion as of 30 November 2017.

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 30 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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Financial Summary

PERFORMANCE HIGHLIGHTS

US\$ millions, unless otherwise stated	2017	2016	YoY CER	YoY AER
New Business Value				
Value of new business (VONB)	3,512	2,750	28%	28%
VONB margin	56.8%	52.8%	4.1 pps	4.0 pps
Annualised new premiums (ANP)	6,092	5,123	19%	19%
EV Operating Profit				
Embedded value (EV) operating profit	6,997	5,887	19%	19%
Operating ROEV	16.6%	15.4%	1.1 pps	1.2 pps
EV operating earnings per share (US cents)	58.31	49.17	19%	19%
IFRS Earnings				
Operating profit after tax (OPAT)	4,647	3,981	16%	17%
Operating ROE	14.2%	14.1%	0.2 pps	0.1 pps
Total weighted premium income (TWPI)	26,147	22,133	18%	18%
Operating earnings per share (US cents)				
– Basic	38.73	33.25	16%	16%
– Diluted	38.61	33.16	16%	16%
Dividends				
Dividend per share (HK cents)				
– Final	74.38	63.75	n/a	17%
– Total	100.00	85.65	n/a	17%

US\$ millions, unless otherwise stated	As at 30 Nov 2017	As at 30 Nov 2016	YoY CER	YoY AER
Embedded Value				
EV Equity	51,775	43,650	15%	19%
Embedded value	50,131	42,114	16%	19%
Free surplus	12,303	9,782	29%	26%
EV Equity per share (US cents)	428.78	362.06	15%	18%
Equity and Capital				
Shareholders' allocated equity	35,658	29,632	17%	20%
AIA Co. HKIO solvency ratio	443%	404%	n/a	39 pps
Shareholders' allocated equity per share (US cents)	295.30	245.79	16%	20%

NEW BUSINESS PERFORMANCE BY SEGMENT

US\$ millions, unless otherwise stated	2017			2016			VONB Change	
	VONB	Margin	ANP	VONB	Margin	ANP	YoY CER	YoY AER
Hong Kong	1,559	53.2%	2,849	1,161	48.8%	2,294	34%	34%
Thailand	381	73.6%	518	384	81.5%	471	(4)%	(1)%
Singapore	311	71.8%	433	316	74.1%	427	(1)%	(2)%
Malaysia	220	62.5%	348	198	57.1%	341	16%	11%
China	828	85.5%	968	536	86.4%	621	60%	54%
Other Markets	408	41.2%	976	321	32.9%	969	27%	27%
Subtotal	3,707	60.0%	6,092	2,916	56.0%	5,123	28%	27%
Adjustment to reflect consolidated reserving and capital requirements	(65)	n/m	n/m	(37)	n/m	n/m	n/m	n/m
After-tax value of unallocated Group Office expenses	(130)	n/m	n/m	(129)	n/m	n/m	n/m	n/m
Total	3,512	56.8%	6,092	2,750	52.8%	5,123	28%	28%

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 2017 and for 2016 other than for balance sheet items that use CER as at 30 November 2017 and as at 30 November 2016.
- (2) Change is shown on a year-on-year basis 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 2017 and in 2016 were US\$22 million and US\$19 million respectively.
- (4) VONB includes pension business. ANP and VONB margin exclude pension business.
- (5) IFRS operating profit after tax and operating earnings per share are shown after non-controlling interests unless otherwise stated.
- (6) 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.
- (7) AIA's financial information in this document is based on the audited consolidated financial statements and supplementary embedded value information for 2017.