

Chief Executive Officer's Q&A

Nigel became Group Chief Executive Officer in June 2012 and his leadership of the group has delivered over six years of successful growth.



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Nigel Wilson
Group Chief Executive Officer



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Group CEO

Q Nigel, the group continues to deliver successful results against the background of a difficult political environment. Why has the company been so successful?

A Operating profit increased by 14% to £2.3 billion with a return on equity of 22.7%. In 2018 we secured some huge pension de-risking deals, with £9.4 billion of sales and £1.1 billion of operating profit (including mortality release) for Legal & General Retirement Institutional, our biggest business. On the retail retirement side, it's been a tremendous year for annuity and lifetime mortgage sales. LGIM now has over £1 trillion in global assets, with £258 billion in international assets. And we now have invested over £19 billion in direct investments, helping to regenerate many of our biggest cities and creating a pipeline of 3,000 new homes. These results highlight the strength of our individual businesses. But they are also the direct result of our group strategy to leverage synergies among our businesses. This is a key reason for our success.

Q You have talked extensively in 2018 about inclusive capitalism. Why is this important to you?

A The biggest issue in Britain today is still how we build greater economic growth to improve everyone's lives. We need to invest to create real jobs and better infrastructure to transform our cities and towns and boost productivity. Without improving productivity we will not correct the stagnant growth in real wages that people have experienced for a number of years. This has to be achieved in a responsible and inclusive way which 'raises the boats' for everyone, not just for the privileged few. Inclusive capitalism also

means that our Board, senior managers and employees act responsibly and ensure that we work in the interests of all our stakeholders: customers, shareholders and wider society, in being economically and socially useful.

Q How important is investing capital in direct investments such as housing, urban regeneration, clean energy and SME start-ups?

A I'm delighted that we've now put over £19 billion into these types of direct investments. Building all types of new homes, including many affordable homes, has become a priority for me. Some key successes in 2018 were our housing schemes in Leeds Thorpe Park, Walthamstow and Crowthorne and our investments in later living accommodation. We now have a pipeline of over 3,000 new homes and we plan to deliver over 80,000 properties over the next five to ten years. We have established the UK's largest property platform to drive science and technology growth in regional cities, jointly investing £360 million to create 20,000 new jobs. This is part of our future cities programme which is regenerating communities in Cardiff, Salford, Leeds, Newcastle, Walthamstow, Bristol, Bath and Bracknell. In clean energy we now have ten wind energy sites in operation together with our partner, NTR.

Q As Britain leaves the EU, are you relying more on your US businesses to ensure growth continues?

A I'm convinced that the UK remains a fantastic place to do business. It's not only because of the UK's unrivalled financial services sector but it's also related to our advantages in technology and manufacturing, our highly skilled workforces and world-class research in our universities.

The US is the largest and most competitively accessible economy in the world and we can build more success in many of the areas that have worked so well for us in the UK: investment management, the need to de-risk pension schemes, providing good-value life insurance and investing in infrastructure. We now have over one million life insurance customers in the US.

Q So how are companies like Legal & General changing to ensure future success?

A This report highlights our many recent investments in digital innovation right across our businesses. In Insurance our strategy is to create competitive advantages both in the UK and the US, enabling customers to apply, be accepted for and change their policies wholly online. We have established our own Fintech business within Legal & General Insurance and have invested in SalaryFinance, a financial wellbeing platform which now has over 700,000 employees on its platform, and Smartr365, a digital mortgage broking platform. In General Insurance, our SmartQuote and SmartClaim systems enable household insurance customers to purchase and make claims easily and quickly. This has increased customer satisfaction and reduced operational costs.

Q Finally, how is your belief in inclusive capitalism being borne out in the day-to-day lives of your employees?

A Inclusivity and diversity is a key business principle and I'm delighted that three of our seven divisional CEOs are women. Our ambitious 50/50 by 2020 target, which aims to have 50% of senior management roles filled by women by 2020, has helped develop the careers of many talented women who are now managing vital parts of our business. I have been working with our Group HR Director, Emma Hardaker-Jones, to help ensure that management positions are filled by talented and committed people regardless of their gender, disability, ethnicity, age or sexual orientation. Inclusivity also means championing organisations that help our communities. I'm pleased that we have been major supporters of the 'Not a Red Card' campaign, which has been successful in changing attitudes towards mental health.



We have put over £19 billion into direct investments



Investing in future cities



Investing in later living homes



Investing in the US



Investing in science and technology



Investing in UK business growth