

24 July 2019

**JUST GROUP plc**  
**Q2 2019 TRADING UPDATE**  
**INTENSIFIED FOCUS ON CAPITAL AND VALUE**

Just Group plc (“Just”, the “Group”) announces its Q219 trading update. As stated at the AGM, the Board remains focused on delivering capital self-sufficiency by 2022, while in parallel developing other strategic and business options to enhance shareholder value.

**Key points**

- **Continued focus on capital efficiency.** We have continued to make our business model more capital efficient during H1 by reducing new business volumes and by focusing on less capital intensive areas, including interest-serviced mortgages and older borrowers. These steps have ensured that we continue to achieve an attractive internal rate of return on shareholder capital invested in new business. We have closed our loss-making US care unit, are in the process of outsourcing our UK income drawdown service and we are working to end operating losses at HUB Group, our corporate solutions and distribution business. Together with further savings, including the rationalisation of our property footprint, these actions have already led to more than £10m of annualised cost reductions in our core businesses. In addition, we are working to establish the appropriate regulatory treatment of our pioneering no negative equity guarantee (NNEG) hedging transaction, in order to enable larger scale NNEG risk transfer, and we are exploring the scope to add to our existing longevity reinsurance programme
- **Commitment to 2022 capital self-sufficiency.** Achieving organic capital generation by 2022 is the Group’s top priority. This is already evident in the actions being taken, and we remain on track. As stated at the AGM, an increased focus on capital has already been introduced to short term management incentive targets
- **Capital development in H119.** Although we are increasing the capital efficiency of areas under management’s control, the economic environment has remained challenging. The Group’s capital strength remains satisfactory although falling risk free rates and house prices have both affected our solvency position, as indicated by our published sensitivities. Fitch recently affirmed our A+ (Strong) Insurer Financial Strength rating with a Stable outlook
- **Increase in Q2 volumes following a quiet Q1.** Our focus on capital discipline is demonstrated by H119 Retirement Income sales of £831m, which are 30% lower than for H118. Without compromising our disciplined approach to pricing we benefited from a strong recovery in Q219 Defined Benefit De-risking volumes to £486m, compared to £26m of sales in Q119. Guaranteed Income for Life sales of £288m for H119 maintained the Q1 run rate. Overall we remain comfortable with our guidance that 2019 sales will be consistent with the run rate established in H218.

**David Richardson, Interim Group Chief Executive Officer, said:**

“The message from our shareholders has been clear. We have good businesses in attractive markets, which are performing well commercially. However, we must reduce new business capital strain and achieve capital self-sufficiency by 2022. All of our decisions are being made with this objective in mind. As we continue our constructive dialogue with the PRA, I am focused on adapting to the changing regulatory environment and putting the business on a surer footing for the future. Recently all of our Directors expressed their support by adding to their personal shareholdings. I am also delighted we have appointed Andy Parsons as our new CFO and look forward to him joining the Group in January 2020. The reaffirmation of our credit ratings by Fitch confirms our financial strength. All of this demonstrates the faith we and others have in our business.”

## Retirement Income sales by quarter<sup>1</sup> (£m)

3 months to:	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
Defined Benefit De-risking	486	26	233	363	469	249	434	269	170
Guaranteed Income for Life	143	145	159	201	238	188	213	217	216
Care Plans	18	13	21	17	18	17	20	18	17
<b>Retirement Income sales</b>	<b>647</b>	<b>184</b>	<b>413</b>	<b>581</b>	<b>725</b>	<b>454</b>	<b>666</b>	<b>504</b>	<b>403</b>

Note 1: Numbers in table subject to rounding.

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### FINANCIAL CALENDAR

### DATE

Interim results for the six months to 30 June 2019

4 September 2019

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

### JUST GROUP PLC

#### GROUP COMMUNICATIONS

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