

Legal & General's profit beats estimates, dividend up amid new CEO's strategic overhaul

Legal & General (L&G) has announced an increase in its dividend after reporting first-half profits for 2024 that surpassed expectations. The FTSE 100 insurance and pension giant reported a core operating profit of £849m for the half-year, up from £844m during the same period in 2023 and ahead of a company-compiled analyst consensus estimate of £834m.

The firm's total operating profit was £920m, £4m lower than the first half of 2023. L&G stated it continues to anticipate its core operating profit for 2024 to grow by mid-single digits year-on-year.

In recent years, L&G has been generating the majority of its cash through its pension risk transfer (PRT) business, which involves purchasing pension liabilities from corporate pension schemes.

On Wednesday, the company revealed that it wrote £1.54bn of global PRT in the first half, compared to £4.99bn during the same period in 2023 a record year.

Despite a slower start this year, L&G stated that it had now written or was exclusive on £5bn and that its "pipeline for PRT is larger than ever", as reported by [City AM](#).

The company declared interim dividends of 6p per share, up from 5.71p year-on-year and in line with analysts' expectations.

However, assets under management at L&G's investment arm fell

three per cent to £1.14 trillion.

The company reported that external net outflows of £28.5bn were largely due to UK defined benefit contribution clients rebalancing their portfolios in light of improved funding ratios, as higher interest rates have bolstered the appeal of individual annuities, offering a fixed income for life to pensioners.

L&G has seen a surge in retail annuity business, securing £1.2bn in individual annuities, more than doubling the previous year's figure of £575m.

In a strategic update this June, L&G's new CEO, Antonio Simoes, outlined a "simpler" vision for the company and declared a £200m share buyback, marking the first in over ten years.

Simoes, who took the helm at L&G earlier this year, also intends to consolidate its asset management divisions, L&G Investment Management and L&G Capital.

"These results reflect the ongoing strength of our business, with core operating profit slightly ahead of the prior year and a solvency coverage ratio of 223 per cent," he commented on Wednesday.

"Looking ahead, we are well positioned to continue to execute our strategy with pace and ambition, delivering growth and value for all our stakeholders," added Simoes.

Following the announcement, L&G shares experienced a modest increase of 0.5 per cent on Wednesday morning.

Commenting on the company's performance, Matt Britzman, senior equity analyst at Hargreaves Lansdown, remarked: "There are a lot of strings to L&G's bow, with bulk annuities at its core, and the market looks like it'll stay healthy over the medium term."

“The next challenge is to deliver improved performance from the refreshed Asset Management division, which will carry some execution risk.”

Updated with shares and analyst commentary.

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