

1H17 financial results

Driving growth by expanding
product and distribution

14 February 2017



Overview

Driving growth by expanding product and distribution

Operating performance

Brian Benari – Managing Director and Chief Executive Officer

Financial results

Andrew Tobin – Chief Financial Officer

Strategy and outlook

Brian Benari – Managing Director and Chief Executive Officer

Highlights

Driving growth by expanding product and distribution

Financial performance

Group – Strong AUM growth supporting earnings and shareholder returns

Life – Sales and book growth benefiting from new distribution initiatives

Funds Management – Strong net flows and rebound in UK revenue

Operating performance

Broadening product range to meet income layering needs

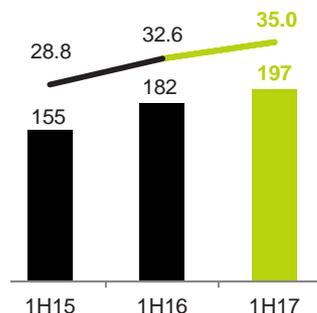
Highly rated distribution attracting new relationships

MS Primary relationship – high quality sales and strong start

Group financial performance

Strong AUM growth supporting earnings & shareholder returns

Normalised NPAT¹ (\$m) and EPS (cps)

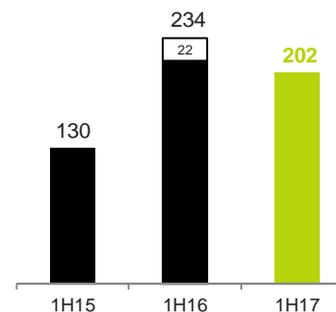


Normalised NPAT up 8%

Higher AUM (+12%)
offset by lower return on
CLC shareholder capital

**Normalised EPS up 7%
to 35.0cps**

Statutory profit after tax (\$m)

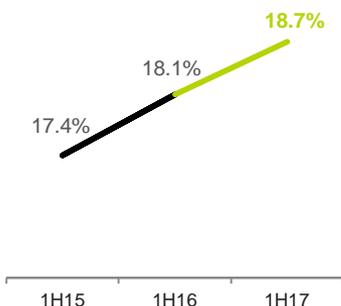


Statutory NPAT down 14%

Includes asset and
liability investment
experience +\$5m

1H16 includes +\$22m
of one-off items

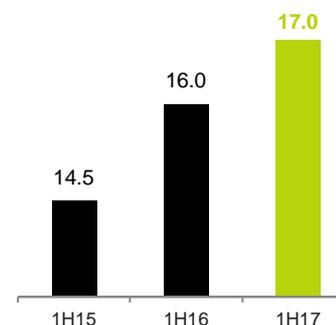
Normalised ROE² (%)



Up 60 bps to 18.7%

Exceeds 18% ROE target
Life ROE up 120 bps to 21.5%

Dividend (cps)



Up 6% to 17 cps

Dividend payout
ratio 49% – within
payout ratio
guidance

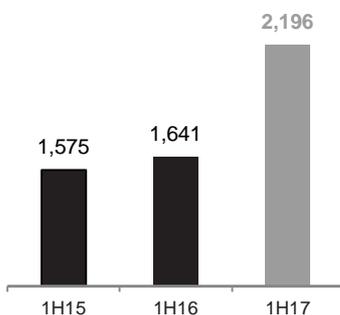
1H17 – Half year 31 December 2016

1. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the Directors' Report (section 2.2) of the Challenger Limited Interim Financial Report 2017.
2. Normalised Return on Equity (ROE) pre-tax.

Life performance

Sales & book growth benefiting from new distribution initiatives

Annuity sales (\$m)

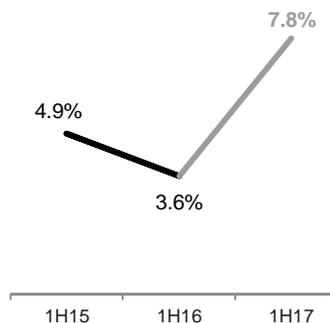


Up 34% to \$2.2bn

Annuity sales growth benefiting from new distribution initiatives

Sales mix shifting to long term business¹ – 31% of 1H17 sales

Total Life book growth² (%)

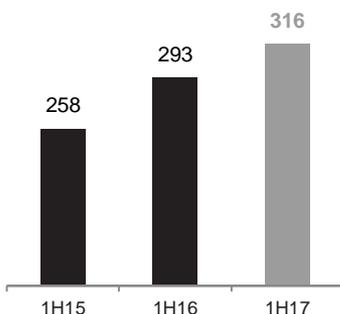


+7.8% or +\$0.8bn

Annuity net flows (\$0.4bn) – benefiting from increased long term sales

Other net flows (\$0.4bn) – GIR³ and Challenger Index Plus Fund

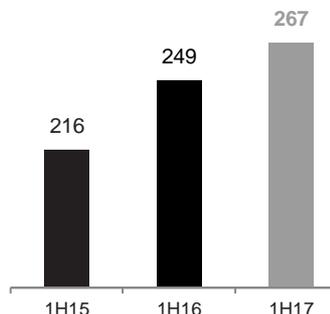
Life COE⁴ (\$m)



Up 8% to \$316m

Higher average investment assets (+10%) offset by lower return on shareholder capital (not hedged for interest rates)

Life EBIT (\$m)



Up 7% to \$267m

Higher COE (+8%) offset by higher expenses following new distribution initiatives

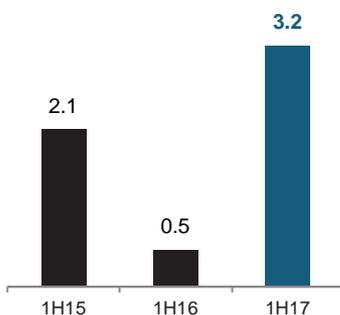
1H17 – Half year 31 December 2016

1. Long term business defined as lifetime annuities and new MS Primary fixed rate annuities (~20 year term).
2. Life net book growth calculated as net flows (\$843m) divided by the sum of opening period annuity liability and Guaranteed Index Return liability (\$10,874m).
3. Guaranteed Index Return (GIR) product.
4. Life Cash Operating Earnings (COE).

Funds Management performance

Strong net flows and rebound in UK revenue

Net flows¹ (\$bn)



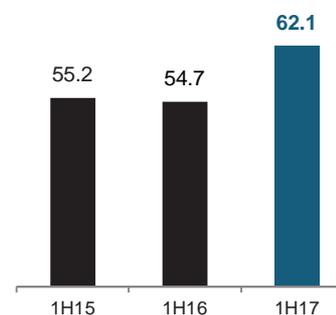
\$3.2bn in 1H17

Strong net flows in both
Fidante Partners and
CIP²

\$2.3bn in Q217

Fidante \$1.5bn
CIP \$0.8bn

FUM (\$bn)

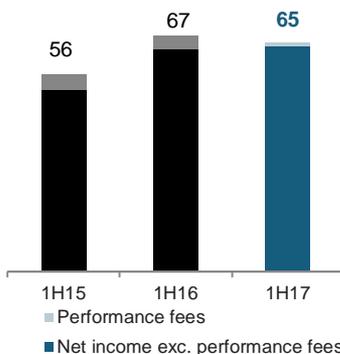


Up 14% to \$62.1bn

FUM through \$60bn –
benefiting from strong
net flows

Strong 1H17 close –
closing FUM 5% higher
than 1H17 average

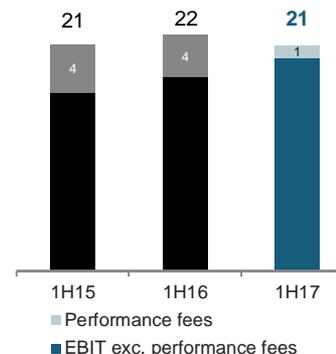
Net income (\$m)



Down 3% to \$65m

Higher average FUM
and rebound in UK
revenue offset by
lower performance
fees (down \$3m)

Normalised EBIT (\$m)



Down 5% to \$21m

Normalised EBIT (exc.
performance fees) up
10%

Average FUM up 8%

1H17 – Half year 31 December 2016

1. 1H15 and 1H16 represents organic net flows and excludes boutique acquisitions and disposals.
2. Challenger Investment Partners (CIP).

Retirement income opportunity

Challenger strengthening market leadership

RETIREMENT OPPORTUNITY

High growth market

Ageing demographics – older and healthier

Wealthier retirees – \$423,000 average household savings on retirement¹

Retirement income market² growing 13% CAGR over next 10 years

Annuities currently capturing <5%³ of retirement income market

MARKET EVOLVING

Moving from wealth creation to retirement income

Regulation

Refocusing superannuation system and industry

Industry moving ahead and implementing retirement models

Portfolio construction

Income layering approach driving adoption of partial annuitisation

CAPTURING OPPORTUNITY

Clear retirement income market leader

Product

Diversifying product range to meet broader income layering needs

Distribution

Highly rated brand and capability

New relationships

Leveraging product and distribution to build new relationships (onshore and offshore)

challenger 

STRENGTHENING
MARKET
LEADERSHIP

1H17 – Half year 31 December 2016

1. Challenger retirement research.
2. Retirement income market defined as annual transfer from accumulation phase to retirement phase of superannuation. Retirement income market growth based on Rice Warner 2015 Super Projections.
3. Wealth Insights 2016.

Regulation

Reforms well underway ... setting overall industry direction

Regulatory reform	Retirement Income Streams Review <i>Remove regulatory barriers restricting income stream products (e.g. DLAs)</i>	Objective of Superannuation <i>Enshrine objective of superannuation in legislation</i>	CIPRs (MyRetirement) <i>To help guide retirement income decision-making</i>
Financial System Inquiry (FSI) recommendation	✓ Dec 2014	✓ Dec 2014	✓ Dec 2014
Industry consultation	✓ Review – Sep 2014 Social Security – Feb 2017 ¹	✓ Apr 2016	✓ Closes Apr 2017
Legislation released by Government	✓ Oct 2016	✓ Oct 2016	
Legislation passed House of Representatives	✓ Nov 2016	✓ Nov 2016	
Legislation passed Senate	✓ Nov 2016	Currently being debated	
Regulations	Expected Mar 2017	Consultation closes Feb 2017	
Implementation date	1 July 2017	Following royal assent	Not before mid-2018

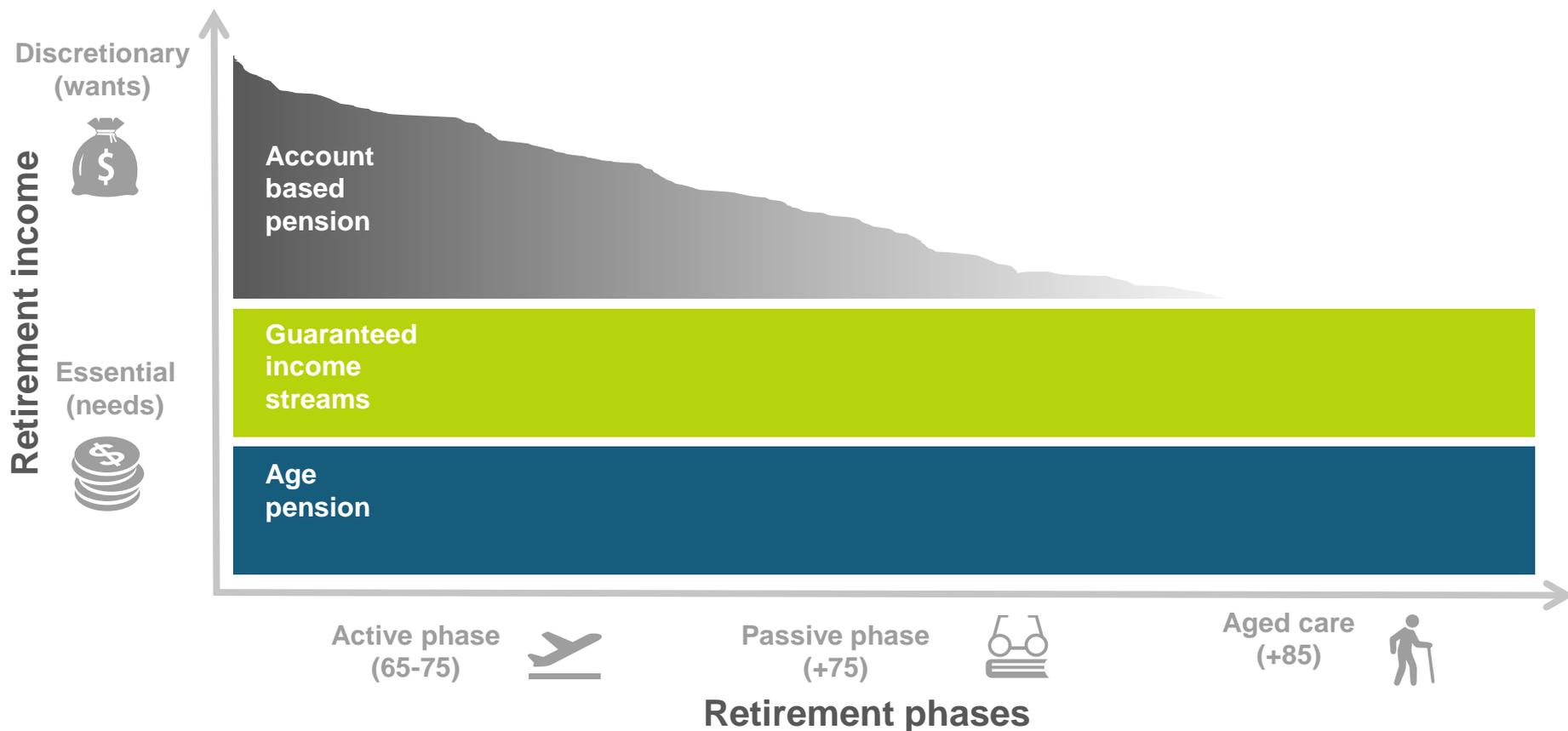
Regulatory reform progress

1H17 – Half year 31 December 2016

1. Key peak body and stakeholder submissions lodged in February 2017.

Portfolio construction

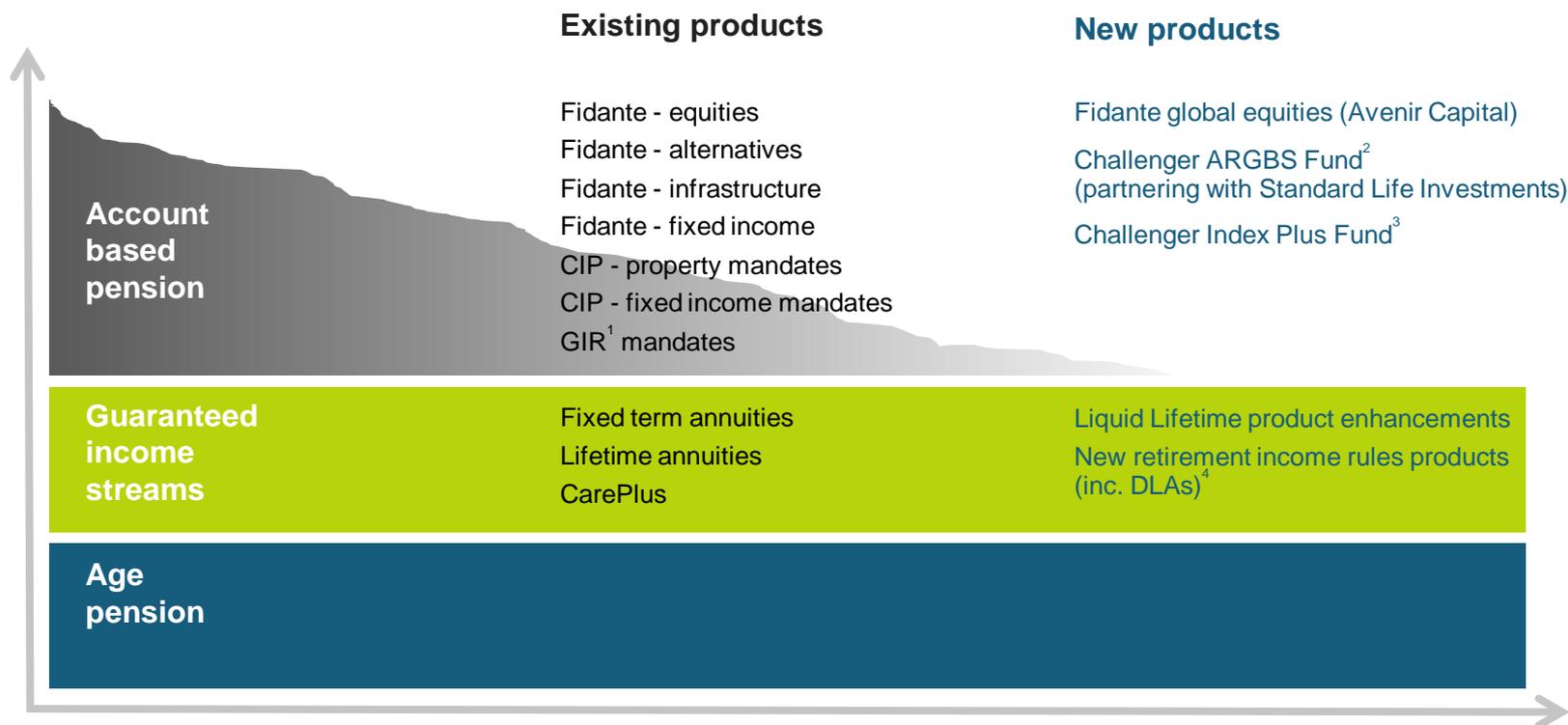
Retiree needs addressed through income layering



1H17 – Half year 31 December 2016

Diversifying products

Broadening range to meet income layering needs



1H17 – Half year 31 December 2016

1. Guaranteed Index Return (GIR).
2. Challenger Absolute Return Global Bond Strategies (ARGBS) Fund is a registered Australian managed investment scheme that will interfund into the Australian hedged share class of the Standard Life Investments Absolute Return Global Bond Strategies Fund.
3. Challenger Index Plus Fund is a pooled GIR product launched in 1H17.
4. Pending finalisation of Retirement Income Streams Review with new products due to commence 1 July 2017.

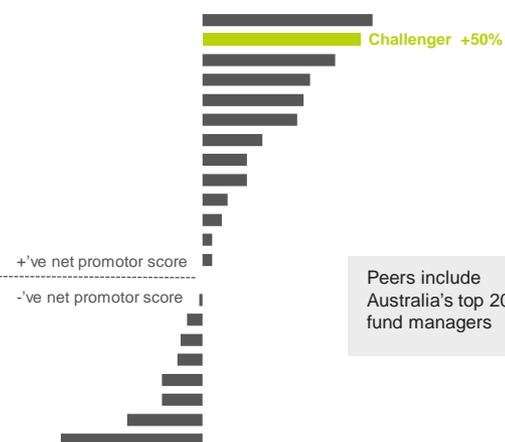
Highly rated distribution

Attracting new relationships

Brand

- Challenger – Retirement incomes leader
 - rated by 96% of advisers¹
 - recognised by 62% of consumers¹
 - 2nd highest industry net promoter score²

Wealth Insights net promoter score



- Fidante – distributor of the year³

Product

Broadening range to meet income layering needs

Leveraging product, brand and capability

To build new relationships

Capability

- Entrenched leadership position
 - largest Australian annuity provider⁴
 - 7th largest Australian fund manager⁴
- Independent provider
- Proven innovator
- Technical Services
 - rated #1 by advisers⁵
- Retirement Research
 - influencing market practice
- Leveraging technology
 - improving client engagement

1H17 – Half year 31 December 2016

1. Adviser – Market Pulse Adviser Study December 2016; Consumer – Newspoll consumer Study.
2. Challenger annuities service level analysis conducted by Wealth Insights and compared to the broader market.
3. Professional Planner / Zenith 2015 distributor of the year.
4. Life - Strategic Insights annual sales; Funds Management - Consolidated FUM for Australian fund managers – Rainmaker Roundup Sep. 2016.
5. Challenger service analysis conducted by Wealth Insights and compared to the broader market.

New relationships strengthening leadership

Expanding distribution and product footprint



July 2016



Challenger annuities available on ClearView platform



Local Government Super offering Challenger backed guaranteed income products



CarePlus available on FirstChoice platform

NOVEMBER 2016



Suncorp branded annuities backed by Challenger

NOVEMBER 2016



CareSuper 'Guaranteed Income' product backed by Challenger

NOVEMBER 2016



legalsuper 'Guaranteed Income Account' backed by Challenger

NOVEMBER 2016



Annuity relationship with leading Japanese annuity provider

FEBRUARY 2017



New Fidante Partners global equities boutique

APRIL 2017



Partnering with Challenger to provide low risk absolute return bond product¹ for Australian market

EXPECTED TO LAUNCH Q118



Challenger annuities on AMP platforms

EXPECTED TO LAUNCH Q118



Challenger annuities on BT platforms

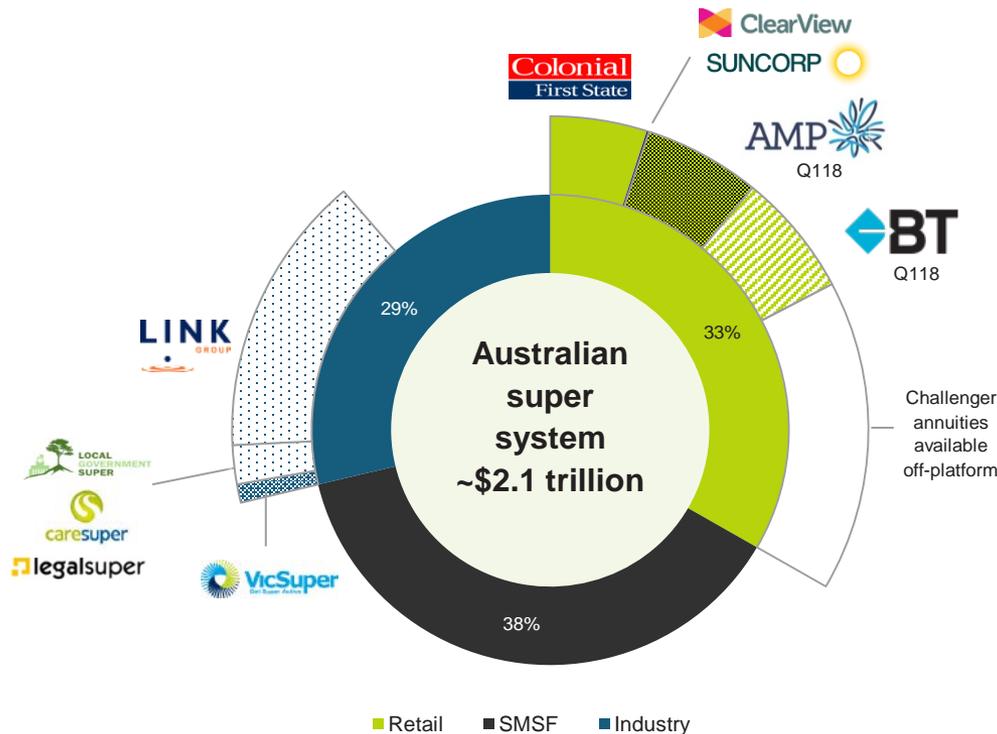
1H17 – Half year 31 December 2016

1. New Fidante Partners' product on which a distribution fee will be earned. Product replicates the Standard Life Absolute Return Global Bond Strategy (ARGBS) and aims to provide positive investment returns in the form of income and capital growth in all market conditions over the medium to long term.

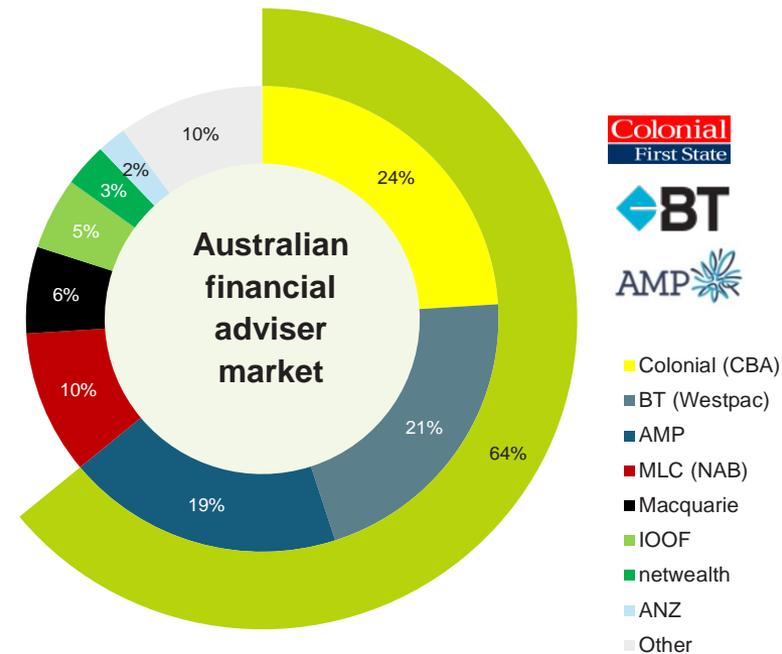
New relationships strengthening leadership

Platforms broadening access to Challenger annuities

New platform relationships
Provides access to ~1/3rd
of superannuation industry FUM^{1,2}



New platform relationships
Provides access to ~2/3rd's
of Australian financial advisers^{3,4}



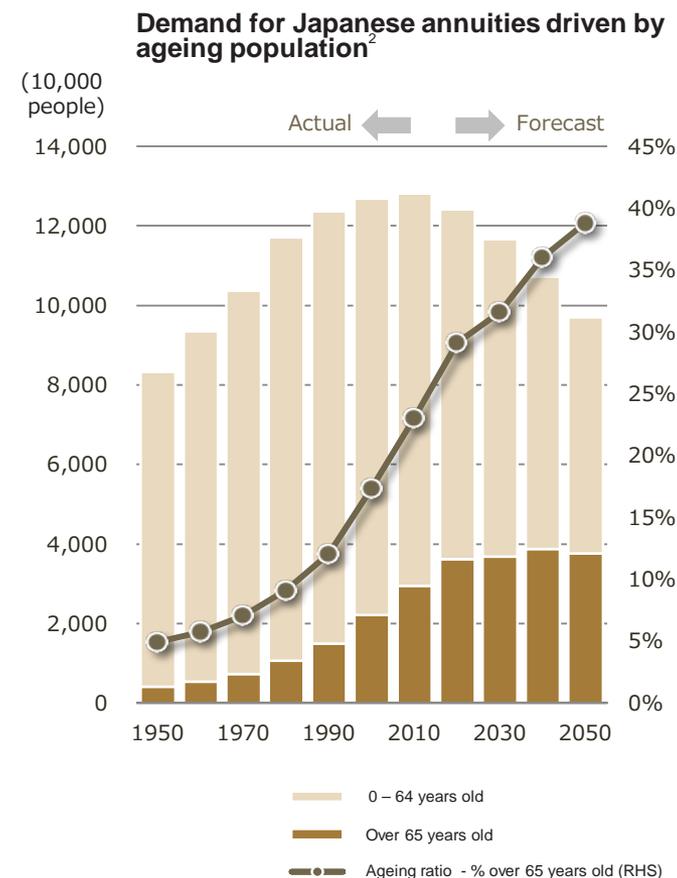
1H17 – Half year 31 December 2016

1. Following launch of AMP and BT, new platform relationships will provide access to one third of Australian superannuation industry FUM.
2. Australian super system size based on APRA annual superannuation bulletin and market share based on Strategic Insights analysis of retail managed funds.
3. Following launch of AMP and BT, new platform relationships will provide access to two thirds of Australian financial advisers.
4. Wealth Insights 2016 Adviser Market Trends Report - provider footprint (primary platform used by advisers).

MS Primary

Partnering with leading provider of AUD annuities in Japan

- Large and established Japanese AUD annuities market
 - growth driven by ageing population and low domestic interest rates
 - AUD annuity market multiple times the size of Australia's
- MS Primary
 - wholly owned subsidiary of MS&AD Insurance Group Holdings
 - A\$24bn of AUD annuities in force¹
 - extensive distribution footprint via bancassurance channel
- MS Primary attracted to Challenger's
 - long term asset, liability and risk management capability
 - product innovation capability
 - longevity risk experience
- MS Primary recently launched a differentiated AUD product
 - whole-of life product with an annuity stream and death benefit



1H17 – Half year 31 December 2016

1. As at 31 December 2016.

2. Japan Cabinet Office – 2015 Annual Report on Ageing.

MS Primary

High quality sales and strong start

- Challenger issuing 20 year AUD fixed rate annuity
 - to support reinsurance agreement with MS Primary
 - similar to Challenger's existing fixed rate annuity product
 - commenced 1 November 2016
- ~A\$125m (Challenger share) of sales for first 2 months
 - December seasonally strong
- Ongoing relationship with MS Primary
 - potential for further product opportunities
- New Japanese product attractive for Challenger

1	Large established market
2	20 year product (lengthens book)
3	Operationally very efficient
4	No direct distribution costs
5	Broadens product range and distribution footprint

Mitsui Sumitomo Primary Life Insurance

MS&AD INSURANCE GROUP

Product overview

- ▶ Single premium product
- ▶ Whole-of life product with annuity payment period of 5, 10 or 20 years plus benefit payable on death
- ▶ Product provides insurance (whole-of life) – provided by MS Primary at end of 20 year fixed annuity term
- ▶ Challenger providing 20 year fixed rate amortising annuity – MS Primary assumes residual policy value at end of 20 year period
- ▶ Challenger assumes no currency risk as product AUD denominated
- ▶ Invested in same key asset classes as existing Challenger Life investment portfolio
- ▶ Guaranteed rate for new business can be revised for changes in markets (e.g. interest rates)

Focusing on long term business

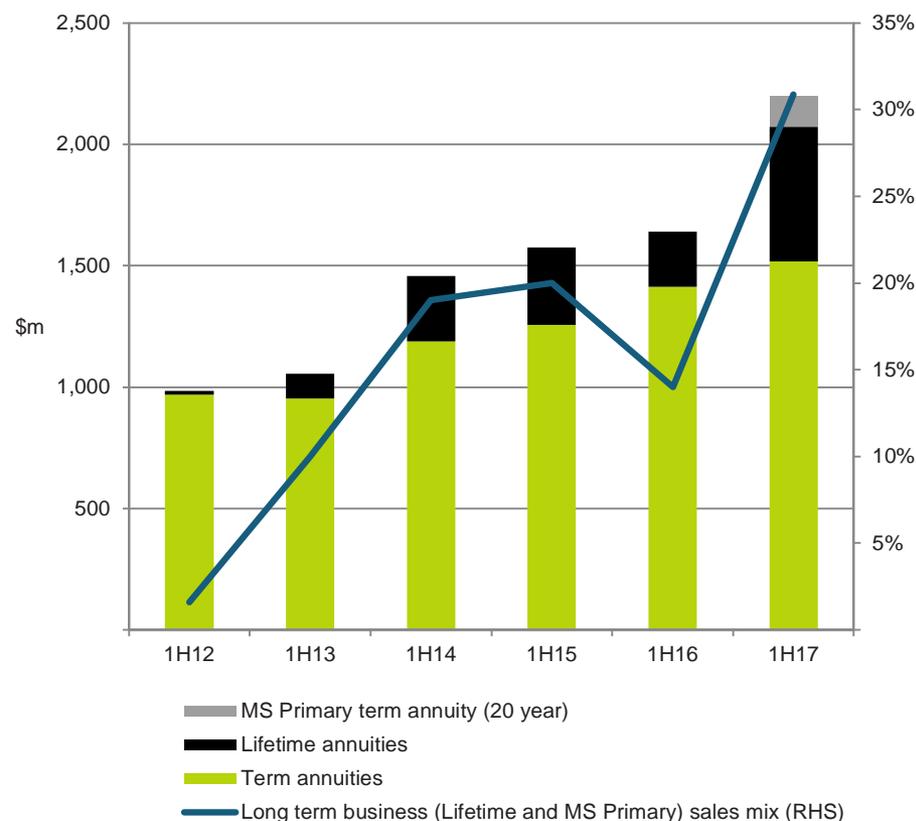
Embedding value for shareholders

- Strong growth in long term annuity business
 - Lifetime and MS Primary 31% of 1H17 sales
 - 1H17 new business tenor 8.7 years (1H16 5.6 years)
- Further opportunities to enhance overall book quality, including new Australian platform initiatives
- Reweighting sales toward Lifetime and MS Primary over short term domestic sales

- Long term business attractive

1	Lengthens annuity book tenor
2	Improves maturity outlook
3	Assists future book growth
4	Enhances overall book quality
5	Benefits ROE

Long term business (Lifetime and MS Primary) sales mix



1H17 – Half year 31 December 2016

Highlights

Driving growth by expanding product and distribution

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MS Primary relationship – high quality sales and strong start

1H17 Financial results

Andrew Tobin

Chief Financial Officer

14 February 2017

1H17 – Half year 31 December 2016

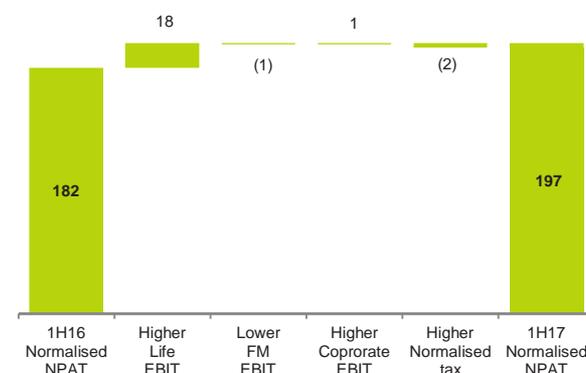
Group financial performance

Strong growth track record and capturing scale benefits

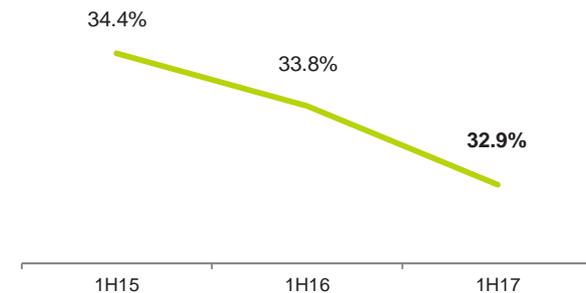
Financial performance (\$m)	1H17	1H16	Change
Life	267	249	7%
Funds Management	21	22	(5%)
Corporate	(31)	(32)	3%
Normalised EBIT	256	239	7%
Interest expense	(2)	(2)	-
Normalised tax	(57)	(55)	(4%)
Normalised NPAT	197	182	8%
Investment experience (post-tax)	5	30	large
Significant items (post-tax)	-	22	n/a
Statutory NPAT	202	234	(14%)

Key metrics	1H17	1H16	Change
AUM (\$bn)	64.7	57.6	12%
Normalised cost to income (%)	32.9%	33.8%	90 bps
Normalised ROE (pre-tax) ¹ (%)	18.7%	18.1%	60 bps
EPS – normalised (cps)	35.0	32.6	7%
EPS – statutory (cps)	35.8	41.9	(15%)

Movement in normalised NPAT (\$m)



Normalised cost to income ratio (%)



1H17 – Half year 31 December 2016

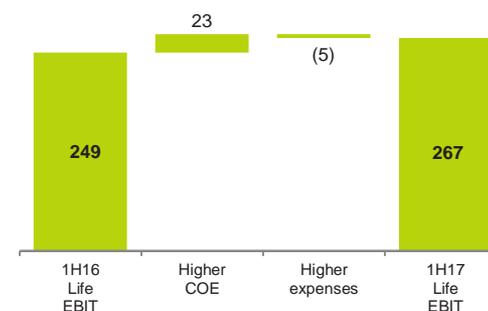
1. Normalised ROE calculated as normalised NPBT divided by average net assets.

Life financial performance

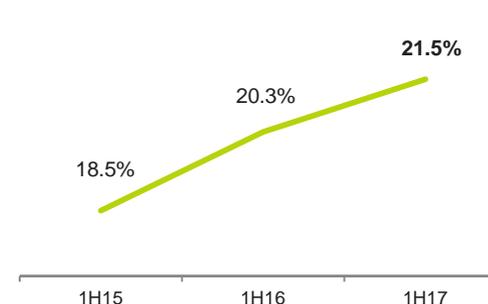
Sales and net book growth driving earnings and ROE

Financial performance (\$m)	1H17	1H16	Change
Normalised COE	316	293	8%
Expenses	(49)	(44)	11%
Life EBIT	267	249	7%
Investment experience (post-tax)	5	30	n/a

Movement in Life EBIT (\$m)



Life normalised ROE (%)



Key metrics	1H17	1H16	Change
AUM average (\$bn)	14.3	13.0	10%
Annuity net book growth (%)	4.7%	3.1%	160 bps
Total Life book growth (%)	7.8%	3.6%	420 bps
Normalised cost to income (%)	15.6%	15.0%	60 bps
Normalised ROE (pre-tax) ¹ (%)	21.5%	20.3%	120 bps

1H17 – Half year 31 December 2016

1. Normalised ROE calculated as normalised EBIT divided by average net assets.

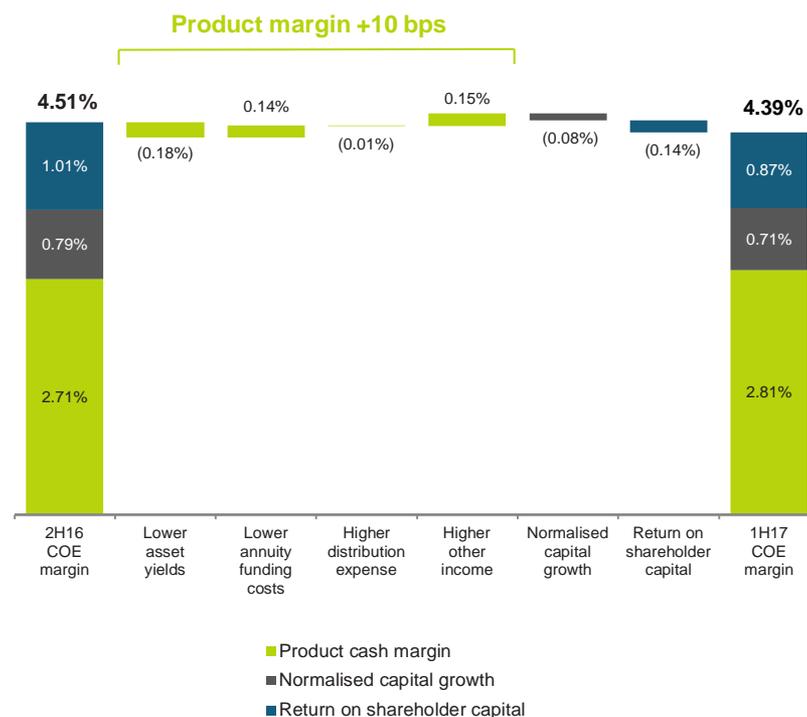
Life margins

Product margin up 10 bps ... offset by lower return on capital

1H17 Life COE margin

- Product cash margin (+10 bps)
 - lower asset yields (-18 bps)
 - partially offset by lower annuity funding costs (+14 bps)
 - higher distribution costs (-1 bps)
 - higher other income – includes one-off fee (~\$10m) following counterparty restructure of Life Risk transaction
- Normalised capital growth (-8 bps)
 - impacted by higher intra period fixed income allocation
- Return on shareholder capital (-14 bps)
 - lower return on shareholder capital
 - shareholder capital not hedged for interest rate movements

Life COE margin – 2H16 to 1H17



1H17 – Half year 31 December 2016

Life sales

Strong sales growth with shift to long term business

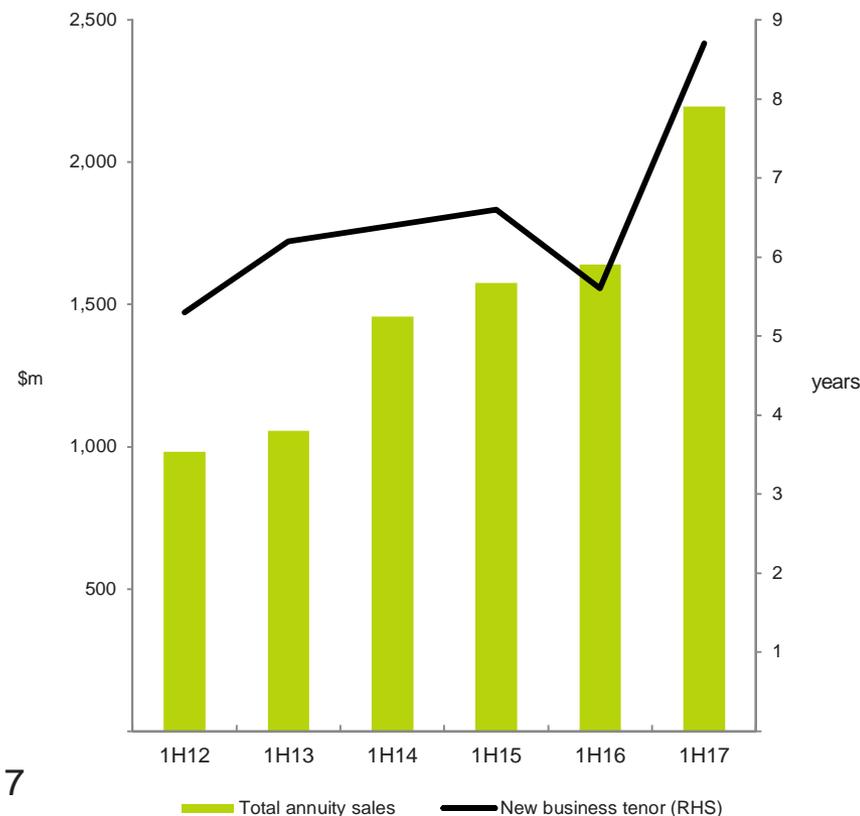
Life annuity sales \$2.2bn – up 34%

- Term sales \$1.6bn – up 16%
 - MS Primary sales \$125m (from 1 November 2016)
- Lifetime sales \$0.6bn – up 142%
 - CarePlus ~\$90m (up 100% on 2H16)
- Long term annuity sales 31% of total
 - Lifetime 25%
 - MS Primary 6%
- New business tenor
 - domestic business 7.7 years (1H16 5.6 years)
 - total (including MS Primary) 8.7 years

Life other sales \$0.6bn – up 37%

- GIR¹ \$0.4bn – including new mandate in Q217
- Challenger Index Plus Fund² \$0.2bn – launched Q217

Annuity sales and new business tenor

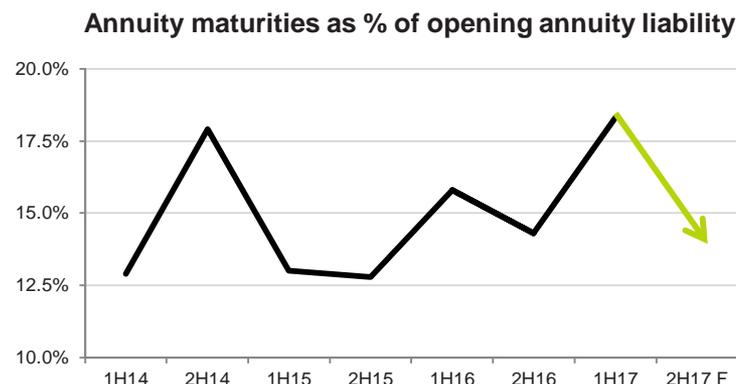
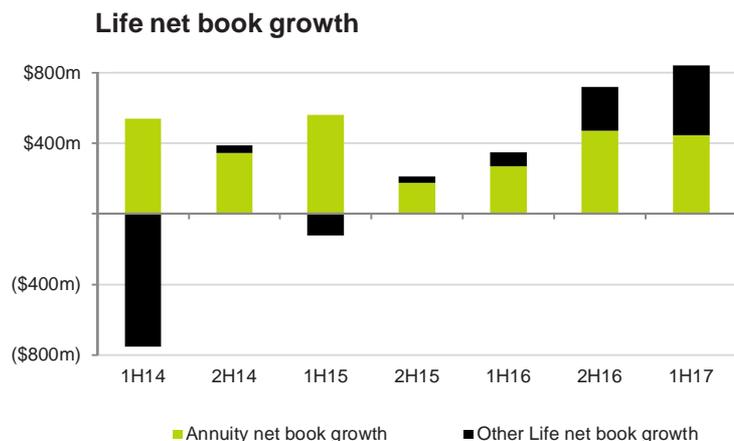


1H17 – Half year 31 December 2016

1. Guaranteed Index Return (GIR) – refer to page 55 for more details.
2. Challenger Index Plus Fund is a pooled GIR product launched in Q217.

Life net book growth

Maturities benefiting from reweight to long term business



Life net book growth \$843m (+7.8%)¹

- Annuity net book growth \$449m (4.7%)
 - 1.3% contribution from MS Primary (commenced 1 November 2016)
- Other net book growth \$395m
 - includes new GIR mandate
 - includes new Challenger Index Plus Fund²

Maturities reducing

- 1H17 net book growth impacted by elevated maturities
 - 1H17 maturities ~18% of opening annuity liability
 - 2H17 maturities expected to reduce to ~14%
- FY18 maturities expected to be lower than FY17 with reweight to long term business

1H17 – Half year 31 December 2016

1. Life net book growth (7.8%) calculated as net flows (\$843m) divided by the sum of opening period annuity liability and Guaranteed Index Return liability (\$10,874m).
2. Challenger Index Plus Fund is a pooled GIR product launched in Q217.

Life investment portfolio

High quality fixed income portfolio meeting 18% ROE target

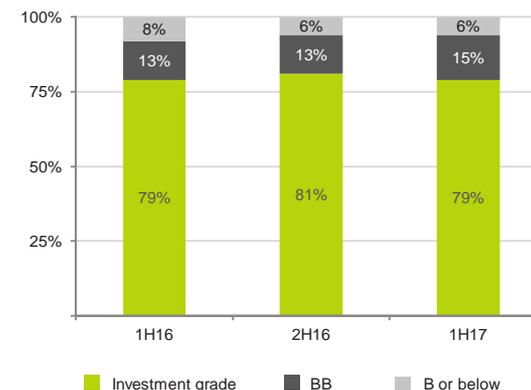
Fixed income

\$9.5bn
(FY16 \$9.3bn)

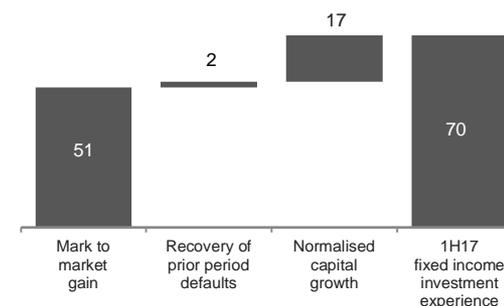
65% of portfolio
(FY16 66%)

- Investment grade – 79%
 - down from 81% in 2H16
 - liquids down from 21% in 2H16 to 12%
- ‘B and below’ – 6%
 - unchanged from 2H16
 - down 2% from 1H16
- Fixed income investment experience (+\$70m)
 - RBA ‘A’ rated¹ fixed income contracted ~24 bps¹
 - Life’s fixed income portfolio contracted ~30bps
- 1H17 credit default allowance +2bps (+\$2m)
 - includes recovery of prior period defaults
 - average credit default allowance over 5 years -8 bps p.a. and well below -35 bps p.a. normalised assumption

Fixed income credit quality



1H17 fixed income investment experience (\$m)



1H17 – Half year 31 December 2016

1. RBA non-financial corporate A-rated bonds spread to swap for 5 year tenor.

Life investment portfolio

Property portfolio continues to meet 18% ROE target

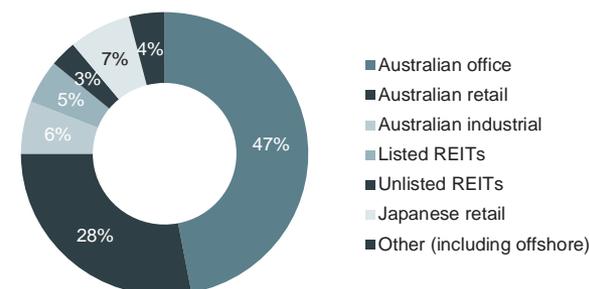
Property

\$3.3bn
(FY16 \$3.2bn)

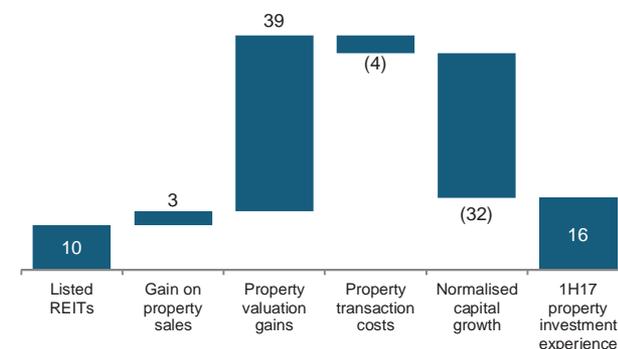
23% of portfolio
(FY16 22%)

- Property portfolio overview
 - Australian direct portfolio average cap rate 6.8% (FY16 7.0%)
 - occupancy rate 95%
 - WALE 4.5 years
- Property disposals ~\$52m
 - 7% premium to book value
- Property acquisitions ~\$165m
 - includes listed REIT portfolio acquired late 1H17 following 20% REIT sector sell-off
- Property revaluations
 - 51% of properties independently valued
 - above normalised assumption (2.0% p.a.)
 - direct properties +1.1% in 1H17
 - listed REIT portfolio +7% in 1H17

Life property portfolio overview



1H17 property investment experience (\$m)



1H17 – Half year 31 December 2016

Life investment experience

Positive asset offset by liability experience

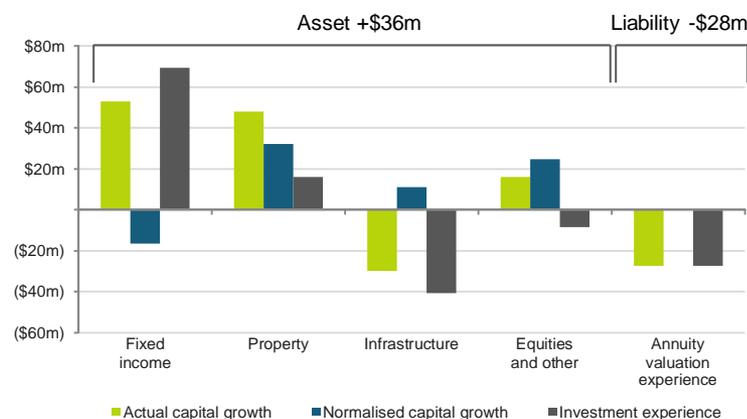
Asset investment experience (+\$36m)

- Fixed income +\$70m – refer page 24
- Property +\$16m – refer page 25
- Equities and other -\$9m
 - higher domestic and global equity markets
 - offset by alternatives and other investments underperforming normalised assumption
- Infrastructure -\$41m
 - underperformed normalised assumption due to changes in interest rates
 - includes revaluation of an asset following repositioning and establishment of new long term contract

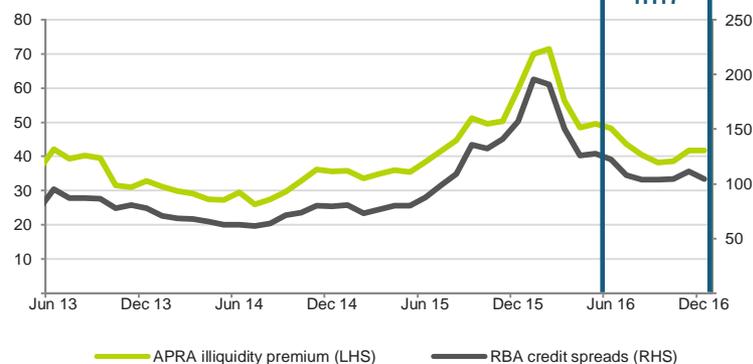
Annuity liability valuation experience (-\$28m)

- Net new business strain (-\$35m)
- Lower illiquidity premium reducing liability discount rate (-\$21m)
- Other assumption changes (+\$28m)

Investment experience (pre-tax) +\$8m



Movement in illiquidity premium (bps)¹



1H17 – Half year 31 December 2016

1. In accordance with APRA Prudential Standards (LAGIC) and Australian Accounting Standards, Challenger Life values term annuities at fair value and lifetime annuities using a risk-free discount rate, both of which are based on the Australian Commonwealth Government Bond curve plus an applicable illiquidity premium. The illiquidity premium shown has been calculated based on APRA LPS112 which is used for prudential capital purposes.

Regulatory capital

Strongly capitalised to support growth

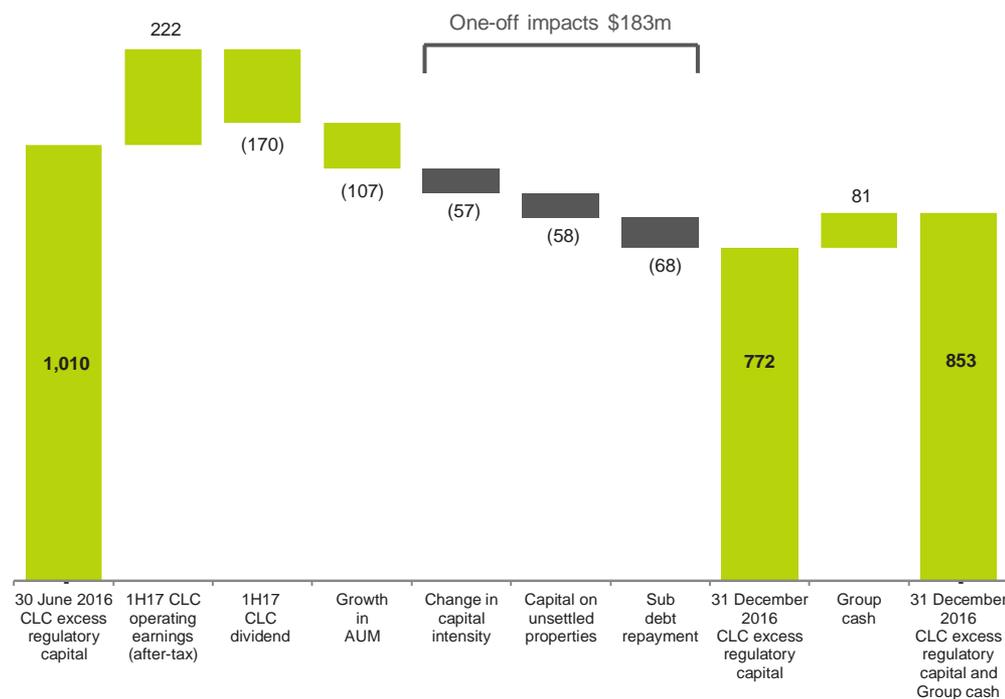
CLC excess capital

- \$0.8bn of excess regulatory capital with additional Group cash of \$0.1bn

CLC PCA ratio¹

- CET1 ratio 1.02x
- PCA ratio 1.39x, reflects
 - earnings net of dividend, with 1H dividend typically higher than 2H
 - growth in AUM following 7.8% net book growth in 1H17
 - increase in capital intensity with \$0.8bn of 30 June 2016 fixed income liquids now invested
 - includes capital on ~\$200m of unsettled property
 - ~\$190m of subordinated debt repaid in 1H17 (\$68m qualified as regulatory capital)

Movement in CLC's excess regulatory capital and PCA ratio (\$m)



1H17 – Half year 31 December 2016

1. Challenger Life Company (CLC) total regulatory capital base divided by Prescribed Capital Amount (PCA).

Regulatory capital

Further strengthening capital position

Intention to launch Challenger Capital Notes 2¹

- Issued by Challenger Limited and proceeds used to fund Additional Tier 1 capital issued by CLC
- Intending to launch Q317 and targeting \$350m¹
- Effective source of funding with franking credits reducing interest expense

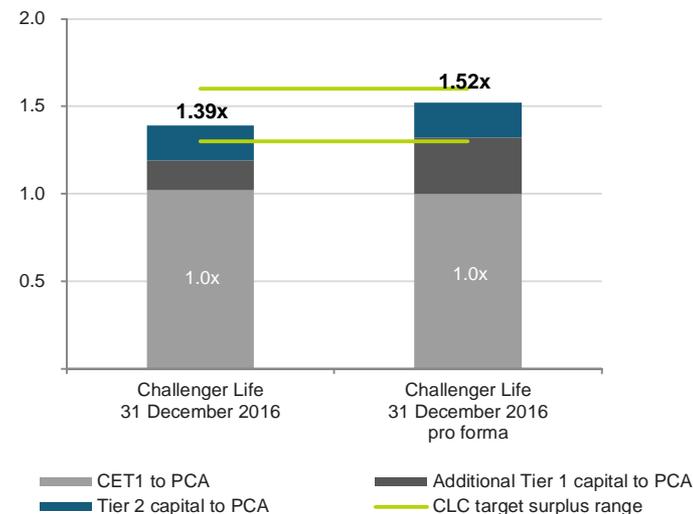
Provides capital flexibility for growth

- On pro forma basis (inc. \$350m Capital Notes 2) PCA ratio increases to 1.52x² (from 1.39x)
- On pro forma basis excess regulatory capital and additional Group cash of \$1.2bn

New Additional Tier 1 capital

- ▶ Issued by Challenger Limited
- ▶ Proceeds used for CLC Additional Tier 1 capital
- ▶ Notes expected to trade on ASX
- ▶ Franked distributions payable quarterly

Pro forma CLC PCA ratio



1H17 – Half year 31 December 2016

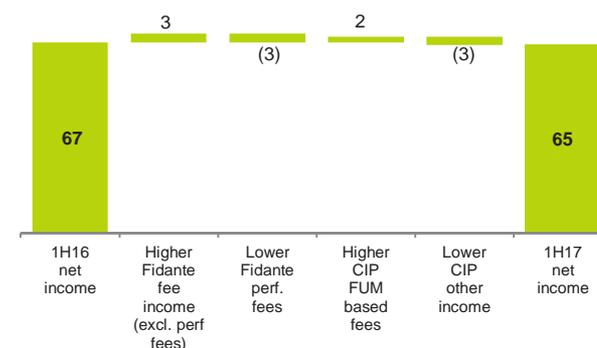
1. Subordinated, unsecured convertible notes issued by Challenger Limited (in Australia) with proceeds used for Additional Tier 1 capital issued by CLC. Targeting \$350m with ability to raise more or less, subject to market conditions and is not underwritten. A prospectus will be made available at the time of the offer. Any person will need to complete an application form that accompanies the prospectus in order to participate.
2. Pro forma capital assumes the 31 December 2016 capital intensity ratio of 13.7% of investment assets.

Funds Management financial performance

Rebound in UK revenue offset by lower performance fees

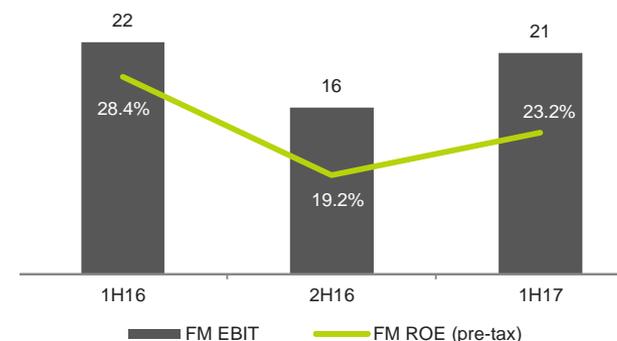
Financial performance (\$m)	1H17	1H16	Change
Fidante Partners net income	41	41	-
CIP ¹ net income	25	26	(4%)
Total net income	65	67	(1%)
Expenses	(45)	(45)	-
EBIT	21	22	(5%)

Movement in Funds Management net income (\$m)



Key metrics	1H17	1H16	Change
FUM (average) (\$bn)	59.1	54.8	8%
Net flows ² (\$bn)	3.2	0.5	n/a
Cost to income (%)	68.3%	67.8%	50 bps
ROE (pre-tax) (%)	23.2%	28.4%	(520 bps)

Funds Management EBIT (\$m) and ROE (%)



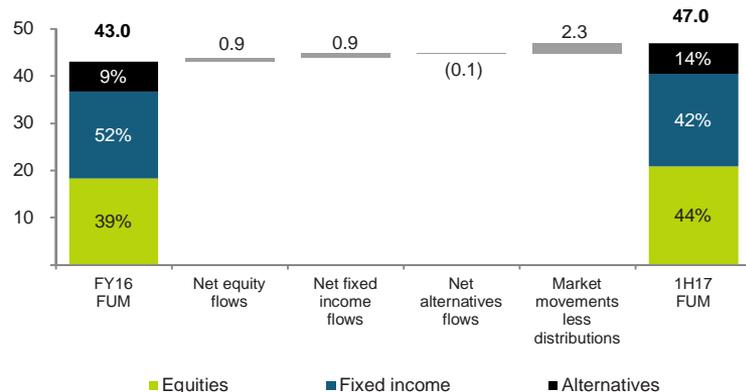
1H17 – Half year 31 December 2016

1. Challenger Investment Partners (CIP).
2. 1H16 represents organic net flows and excludes boutique acquisitions and disposals.

Funds Management

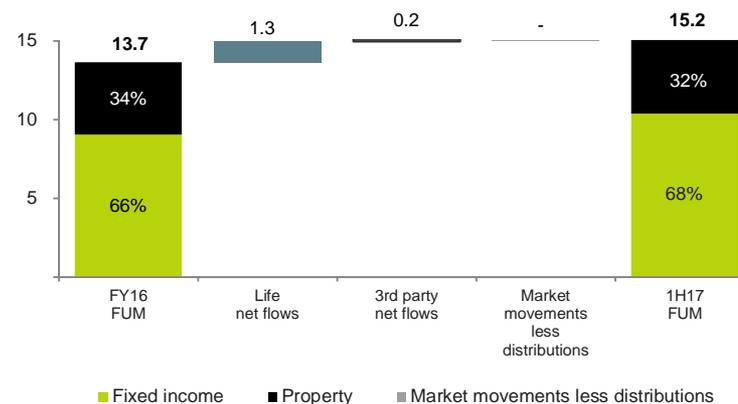
Market leading net flows

Movement in Fidante Partners FUM (\$bn)



- Closing FUM up 9% to \$47.0bn
- Strong 1H17 net flows (\$1.7bn)
 - net flows represent 4% of FY16 FUM
 - \$1.5bn of net flows in Q217

Movement in CIP FUM (\$bn)



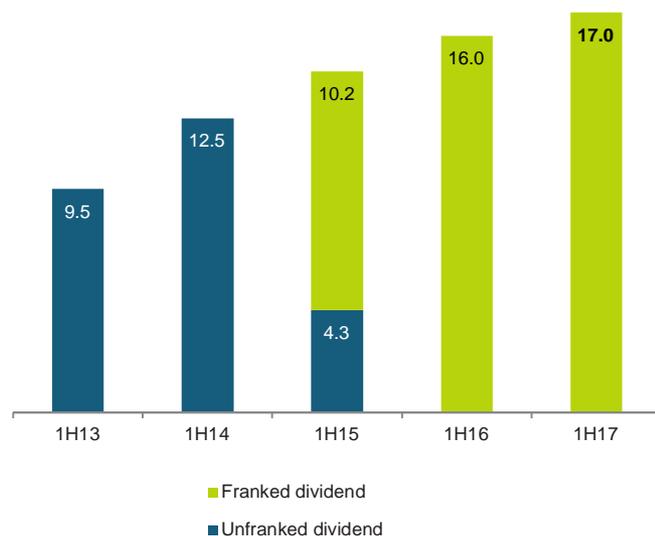
- Closing FUM up 11% to \$15.2bn
- Strong 1H17 net flows (\$1.5bn)
 - net flows represent 11% of FY16 FUM
 - \$0.8bn of net flows in Q217

1H17 – Half year 31 December 2016

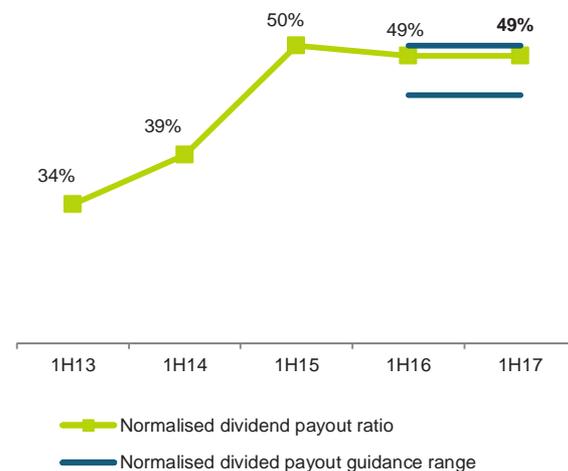
Dividends

Increasing shareholder returns with dividend up 6%

Dividend (cps)



Dividend payout ratio (%)



- 1H17 dividend 17.0 cps and 100% franked
 - up 6% on 1H16
 - payable 28 March 2017

- 1H17 dividend payout ratio 49%¹ and within guidance range
- Dividend payout guidance maintained
 - 45% to 50% of normalised NPAT²

1H17 – Half year 31 December 2016

1. Dividend payout ratio based on normalised EPS.
2. Dividend payout ratio and franking levels subject to market conditions and capital allocation priorities.

Strategy and outlook

Brian Benari

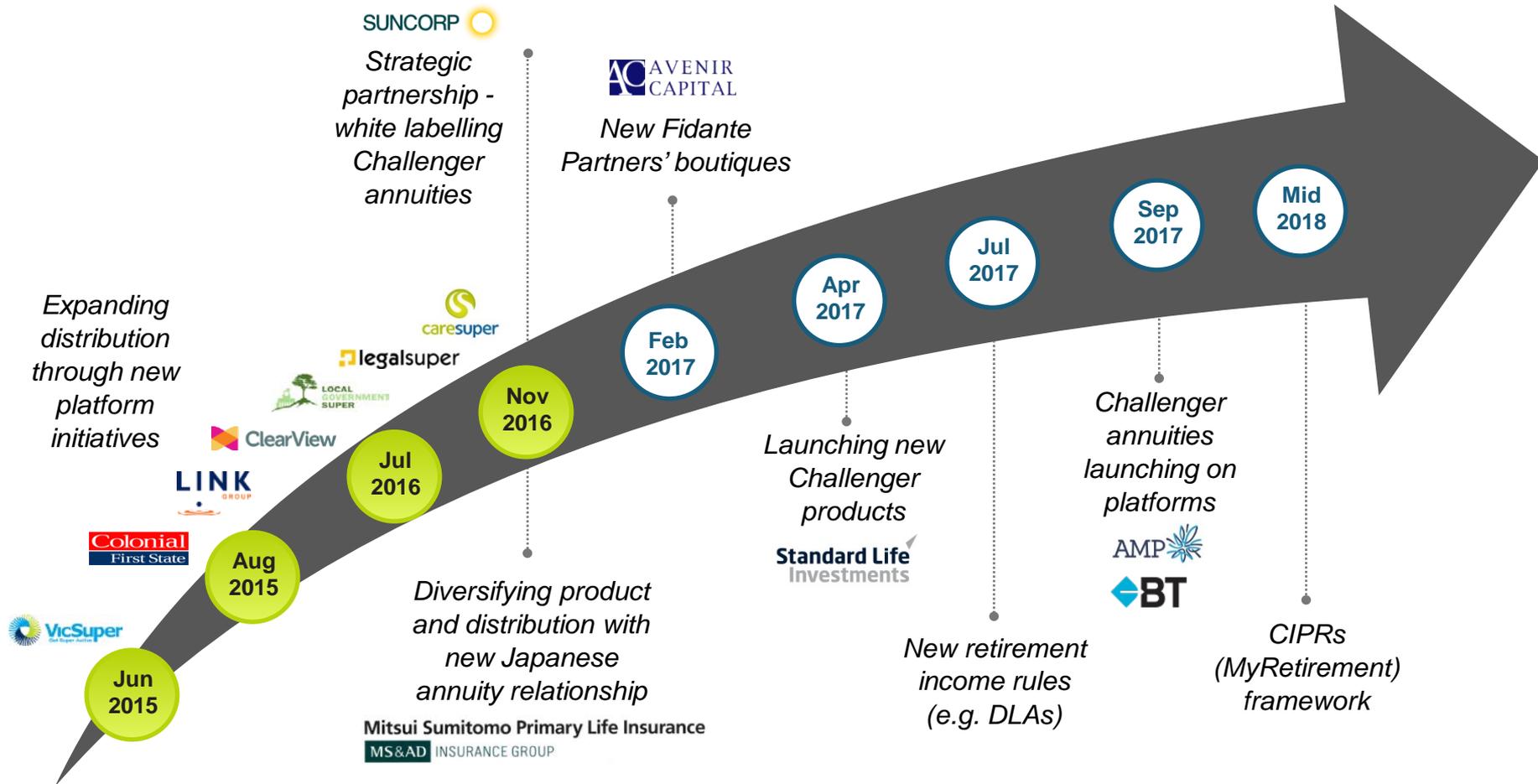
Chief Executive Officer

14 February 2017

1H17 – Half year 31 December 2016

Strengthening market leadership

Pipeline of growth opportunities



1H17 – Half year 31 December 2016

Outlook

On-track to achieve guidance

Life COE guidance range (FY17 \$620m - \$640m)

On-track with \$316m in 1H17

2H17 Life COE margin expected to be stable on 1H17¹

Maintain 18% ROE target

1H17 achieved 18.7%

Maintain normalised dividend payout ratio

1H17 49% dividend payout ratio and guidance range maintained²

Remain strongly capitalised

1H17 PCA ratio ~1.4x – expected to increase to ~1.5x following new capital notes³

1H17 – Half year 31 December 2016

1. Excluding one-off ~\$10m Life Risk fee received in 1H17.
2. Dividend payout ratio guidance based on normalised EPS and subject to market conditions and capital allocation priorities.
3. Subordinated, unsecured convertible notes issued by Challenger Limited (in Australia) with proceeds used for Additional Tier 1 capital issued by CLC. Targeting \$350m with ability to raise more or less, subject to market conditions and is not underwritten.

Highlights

Driving growth by expanding product and distribution

Financial performance

Group – Strong AUM growth supporting earnings and shareholder returns

Life – Sales and book growth benefiting from new distribution initiatives

Funds Management – Strong net flows and rebound in UK revenue

Operating performance

Broadening product range to meet income layering needs

Highly rated distribution attracting new relationships

MS Primary relationship – high quality sales and strong start

Outlook

Pipeline of growth opportunities

1H17 – Half year 31 December 2016

Appendix

additional background information

1H17 – Half year 31 December 2016

Vision and strategy

To provide our customers with financial security for retirement

Vision	Strategy		
To provide customers with financial security for retirement	Increase the Australian retirement savings pool allocation to secure and stable incomes	Be recognised as the leader and partner of choice in retirement income solutions with a broad product offering	Provide clients with relevant investment strategies exhibiting consistently superior performance
Deliver superior returns to shareholders by maintaining a highly engaged, diverse and agile workforce committed to outstanding client service with a strong risk and compliance culture			

Business overview

Two core businesses benefiting from super system growth

Challenger Limited (ASX:CGF)

Life

#1 market share in annuities¹

Life

Leading provider of annuities and guaranteed retirement income solutions in Australia.

Products offer certainty of guaranteed cash flows with protection against market, inflation and longevity risks.

Funds Management

Australia's 7th largest fund manager²

Fidante Partners

Co-owned, separately branded, active fixed income, equity and alternative boutique investment managers. Includes Fidante Partners Europe following the acquisition of Dexion Capital in July 2015.

Challenger Investment Partners

Originates and manages assets for Life and 3rd party investors.

Distribution, Product and Marketing (DPM)

Central functions

Operations, Finance, IT, Risk Management, HR, Treasury, Legal and Strategy

1H17 – Half year 31 December 2016

1. Annuity market share – Strategic Insights.
2. Consolidated FUM for Australian Fund Managers - Rainmaker Roundup September 2016.

Investor proposition

Market leader with competitive advantage

TO PROVIDE OUR CUSTOMERS WITH FINANCIAL SECURITY FOR RETIREMENT

FOCUSED STRATEGY 	TALENTED PEOPLE 	RECOGNISED CAPABILITY 	MARKET LEADER 
<ul style="list-style-type: none">✓ FM – boutique and co-investment model (super savings phase)✓ Life – dedicated retirement income focus (super spending phase)✓ Independent provider with broad based distribution	<ul style="list-style-type: none">✓ Highly engaged staff with shareholder alignment✓ Track record of delivering✓ Investment team talent – internal managers and boutiques✓ Entrenched risk management culture	<ul style="list-style-type: none">✓ Recognised consumer retirement income brand¹✓ Rated #1 by advisers²✓ Award winning product manufacturer and innovator✓ Forming new product and distribution relationships✓ Leveraging technology	<ul style="list-style-type: none">✓ FM growing twice speed of market✓ Life No.1 annuities provider✓ Scalable platform with leading cost ratio³

SUSTAINABLE SHAREHOLDER OUTCOMES WITH 18% ROE TARGET⁴

1H17 – Half year 31 December 2016

1. Hall & Partners Open Mind Consumer Study.
2. Challenger service analysis conducted by Wealth Insights and compared to the broader market.
3. Challenger's normalised cost to income ratio (1H17: 32.9%) is 17 percentage points lower than the average cost to income ratio for ASX100 banks and diversified financials (includes AMP, ANZ, BEN, BOQ, BTT, CBA, IFL, MFG, MQG, NAB, PPT, WBC).
4. Normalised ROE (pre-tax) target of 18%.

Australian superannuation system overview

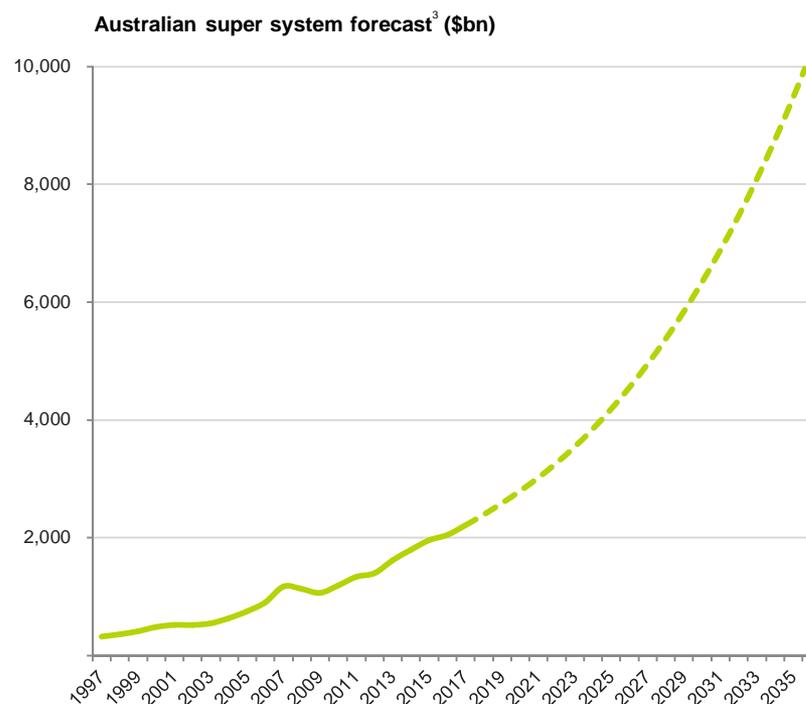
1H17 – Half year 31 December 2016

Australia's superannuation system

Attractive market with long term structural growth drivers

Superannuation system growth

- 4th largest global pension market¹
- Australian super system growing twice speed of global pension market¹
 - 10% CAGR over past 5 years
- Assets expected to
 - double to >\$4 trillion over next 10 years²
 - quintuple to ~\$10 trillion over next 20 years²
- Superannuation system growth supported by
 - mandatory and increasing contribution rate
 - ageing demographics
 - Government enhancing retirement phase



1H17 – Half year 31 December 2016

1. Towers Watson Global Pension Study 2017.

2. Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2015-2035.

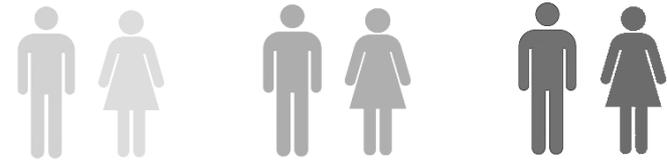
3. 1992 to 2015: APRA data. 2016 to 2035: Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2015-2035.

Australia's superannuation system

Attractive market with long term structural growth drivers

Contribution rate

- Increasing from 9.5% to 12%¹ (of wages)
- \$104bn of super contributions in 2015



Superannuation Guarantee (SG) contribution rate¹



Demographics

- Supportive demographics from ageing population
- Post-retirement super phase growing fastest
- Australians have one of world's longest life expectancies
- Medical and mortality improvements increasing longevity

Australians over 65s increasing²

+40%
over
10
years

+75%
over
20
years

1H17 – Half year 31 December 2016

1. Percentage of gross wages required to be contributed to superannuation. Contribution rate increases to 10% on 1 July 2021 and increases by 0.5% per annum until reaching 12% on 1 July 2025.
2. Australian Bureau of Statistics population projections.

Australia's superannuation system

Attractive market with long term structural growth drivers

Two phases of superannuation

Accumulation phase

Super 'savings'

Funds Management target market

- Pre-retirement phase
- Supported by mandated and increasing contributions

Retirement phase

Super 'spending'

Life target market

- Post-retirement phase
- Supported by ageing demographics, rising savings and Government focused on enhancing retirement phase

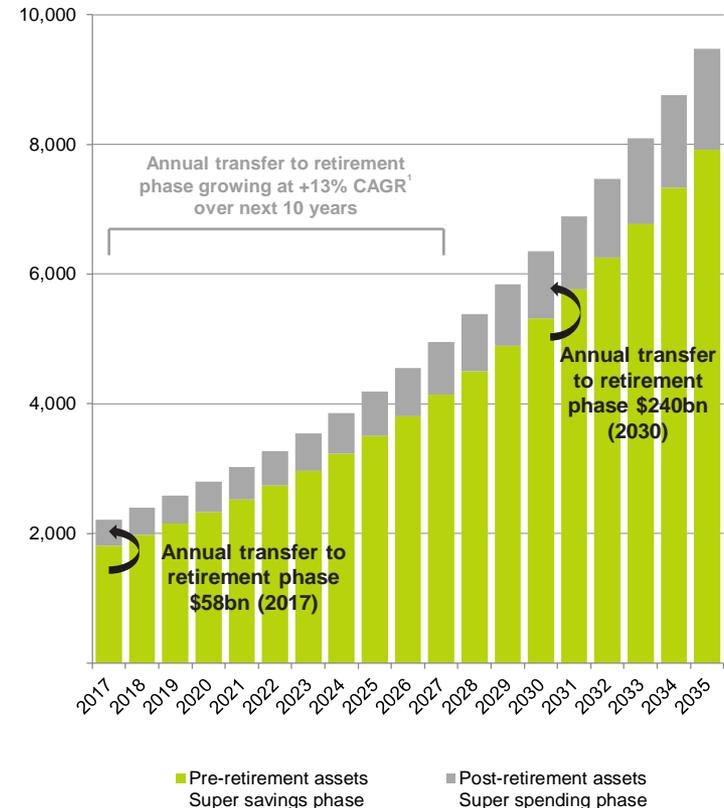
Accumulation phase

Retirement phase



- increasing 13% CAGR over next 10 years¹
- Challenger Life only capturing <5% of annual transfer

Projected superannuation assets 2017 – 2035² (\$bn)

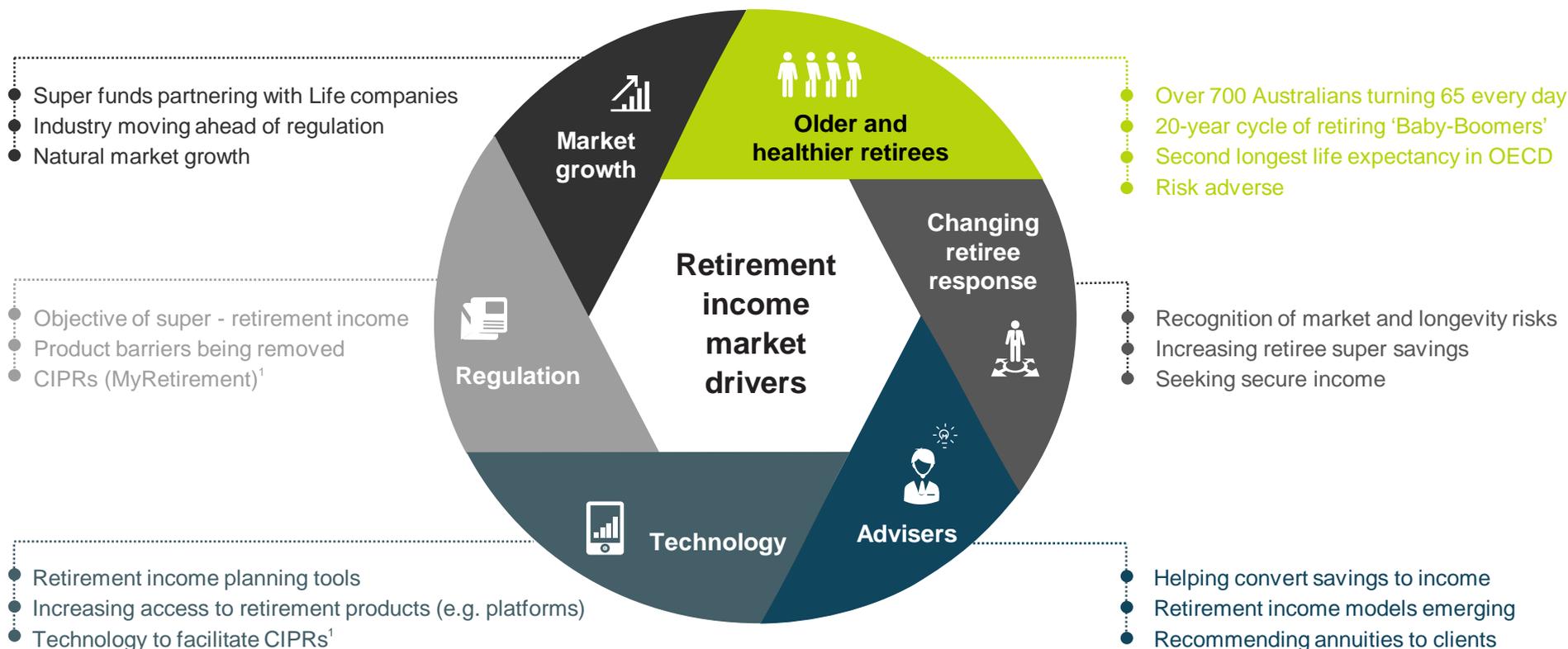


1H17 – Half year 31 December 2016

1. Rice Warner 2015 Super Projections.
 2. Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2015-2035.

Retirement phase market drivers

Market leader well positioned in high growth market



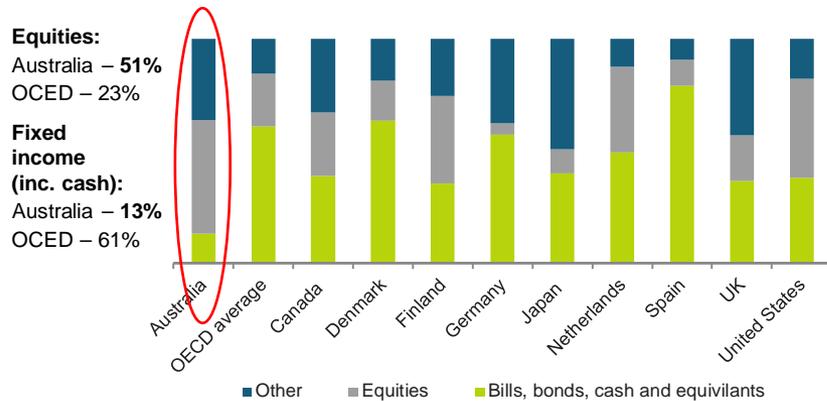
1H17 – Half year 31 December 2016

1. Comprehensive Income Products for Retirement (CIPR) – as recommended by the Financial System Inquiry and supported by Government.

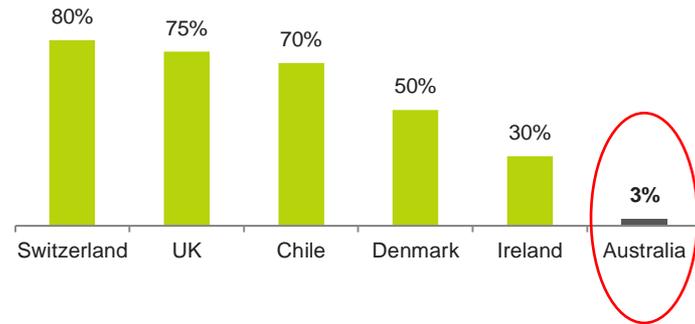
Australia's superannuation system

High allocation to equities ... low allocation to fixed income

Australia has low fixed income and high equity allocations¹

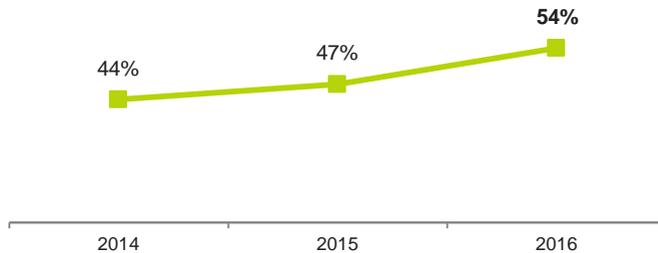


Australia's usage of annuities is low²



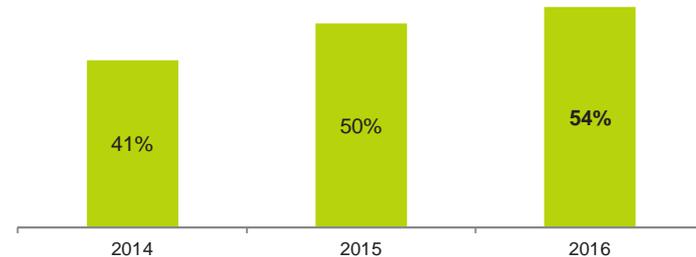
Client interest in annuities increasing³

(% of advisers receiving annuity enquiries from clients)



Adviser support for annuities increasing³

(% of advisers that will recommend annuities over next five years)

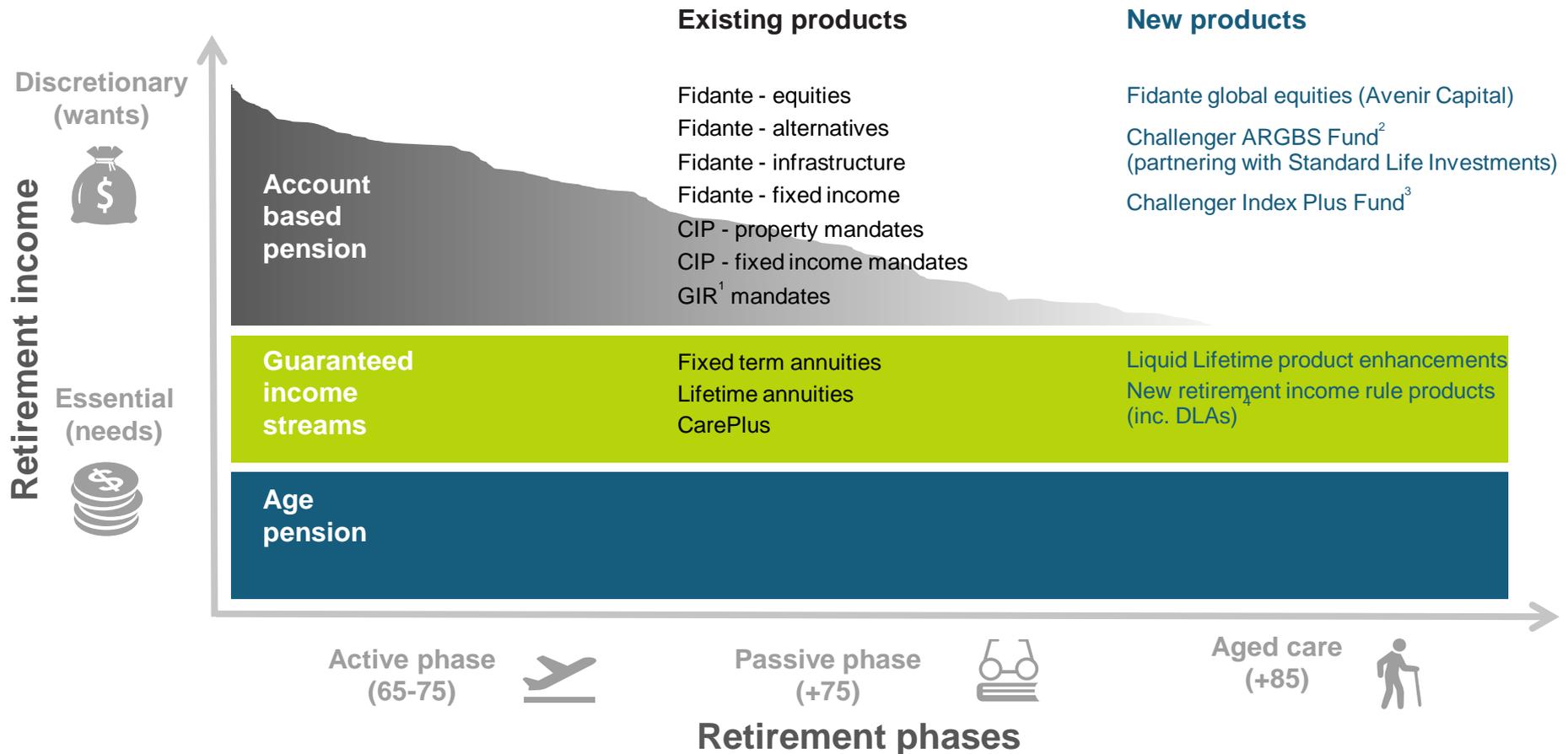


1H17 – Half year 31 December 2016

1. OECD Pension Markets in Focus – 2016.
2. Public Pension Institute, Briefing Paper 66: Freedom and Choice in Pensions. Australia source: Wealth Insights 2016.
3. Source: Marketing Pulse Adviser study.

Portfolio construction

Retiree needs addressed through income layering



1H17 – Half year 31 December 2016

1. Guaranteed Index Return (GIR).
2. Challenger Absolute Return Global Bond Strategies Fund is a registered Australian managed investment scheme that will interfund into the Australian hedged share class of the Standard Life Investments Absolute Return Global Bond Strategies Fund.
3. Challenger Index Plus is a pooled GIR product launched in Q217.
4. Pending finalisation of Retirement Income Streams Review with new products – due to commence 1 July 2017.

Government enhancing retirement phase

Responding to retiree needs



'The retirement phase of superannuation is underdeveloped and does not meet the risk management needs of retirees'

David Murray
Chairman
Financial System Inquiry¹

Government response

1. Defining objective of superannuation
– *to provide retirement income*
2. New retirement income rules
– *enabling product innovation including Deferred Lifetime Annuities (DLAs)*
3. Implementing Comprehensive Income Products for Retirement (CIPRs)
– *proposed to be called MyRetirement*

1H17 – Half year 31 December 2016

1. Financial System Inquiry - final report released on 7 December 2014. Report available at www.fsi.gov.au.

Government enhancing retirement phase

Reforms well underway ... setting overall industry direction

Objective of superannuation

- To provide income in retirement to substitute or supplement the Age Pension (as recommended by FSI)
- Superannuation policy to be assessed against objective

New retirement income rules

- New framework to enable product innovation, including DLAs
- Provides building block for CIPRs (Comprehensive Income Products for Retirement)
- Social security means testing submission completed
- Key legislation passed parliament
- Due to commence 1 July 2017

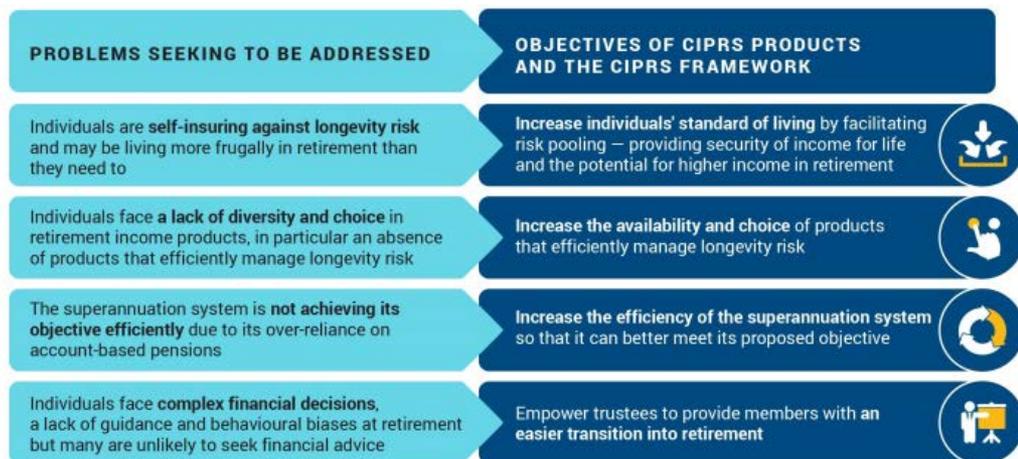
CIPR (MyRetirement)

- Reform to lift living standards and choices for retirees
- To help guide retirement income decision-making
- CIPRs - combined income product offered by trustees to members on retirement
- Minimum product requirements including stable income for life
- Discussion paper issued December 2016 – submissions close 28 April 2017

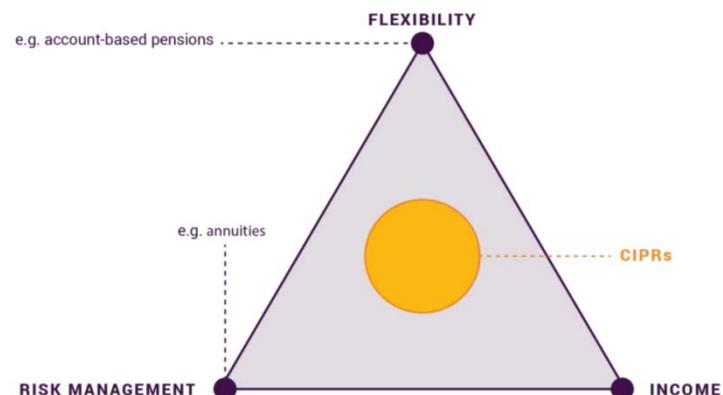
Government enhancing retirement phase

CIPR (MyRetirement) overview¹

Problems and objectives of proposed framework for CIPRs



CIPRs to provide stream of broadly consistent real income for life



1H17 – Half year 31 December 2016

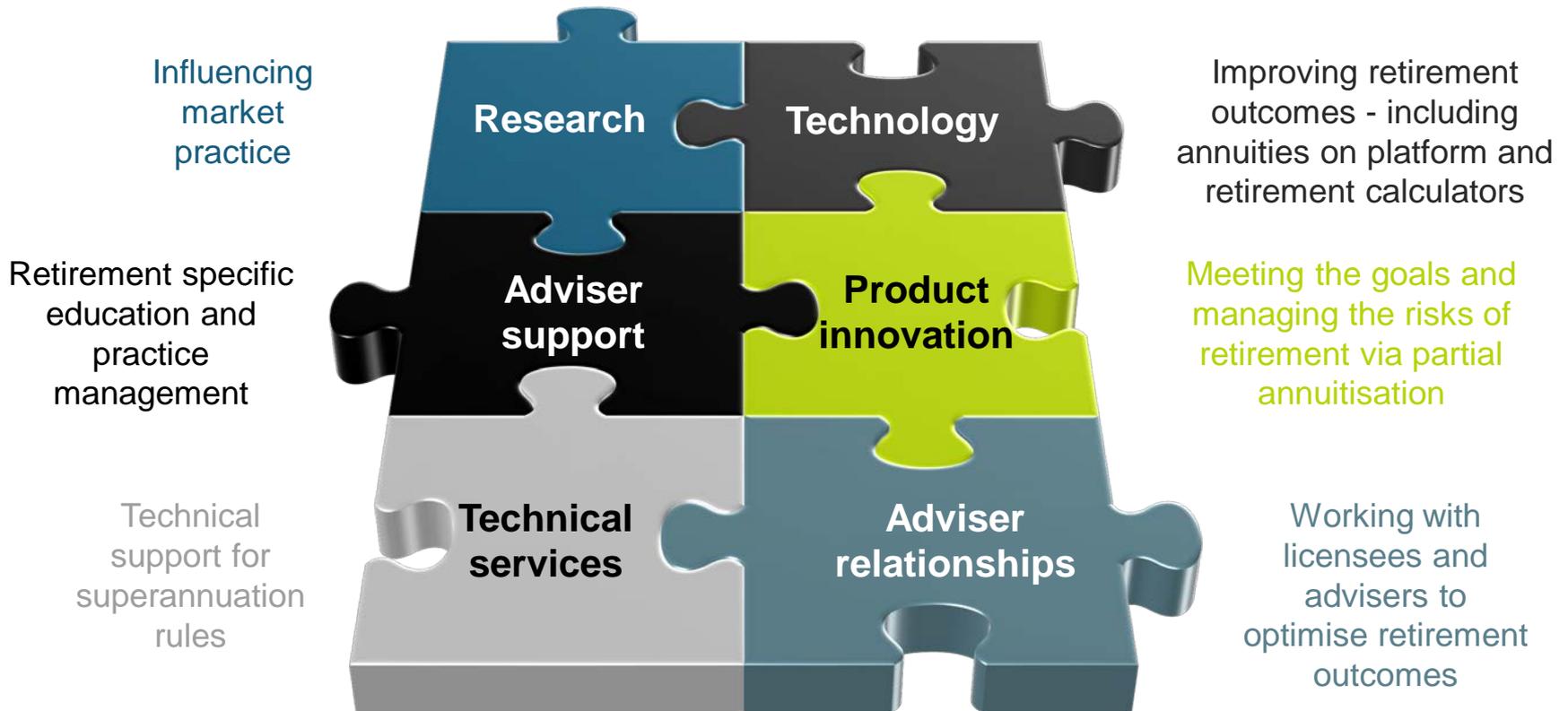
1. Extract from the discussion paper issued by the Australian Government on 15 December 2016 - Development of the framework for Comprehensive Income Products. Available at www.consult.treasury.gov.au.

Life – Distribution, Product and Marketing (DPM)

1H17 – Half year 31 December 2016

Distribution

A competitive advantage driving long term growth



New relationships

Industry moving ahead of regulation – using annuities to build CIPRs



1H17 – Half year 31 December 2016

New relationships strengthening leadership

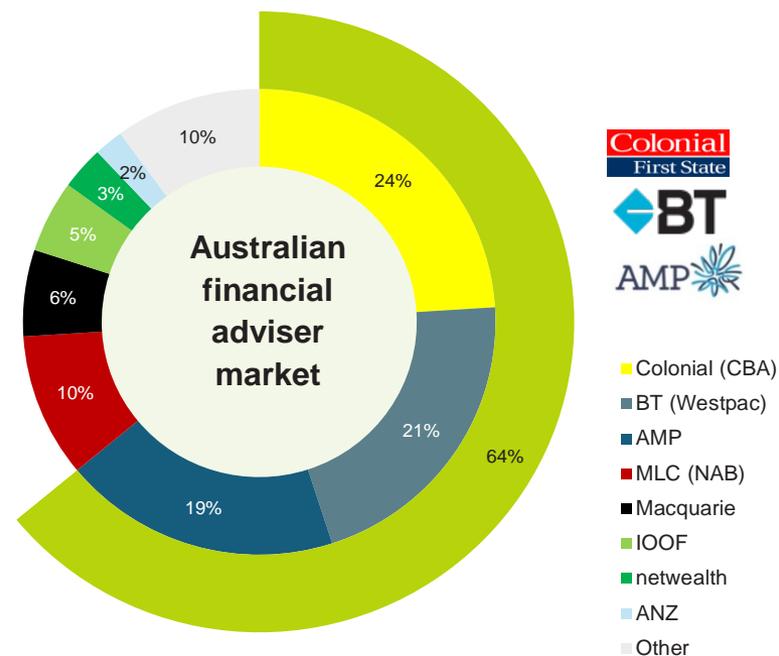
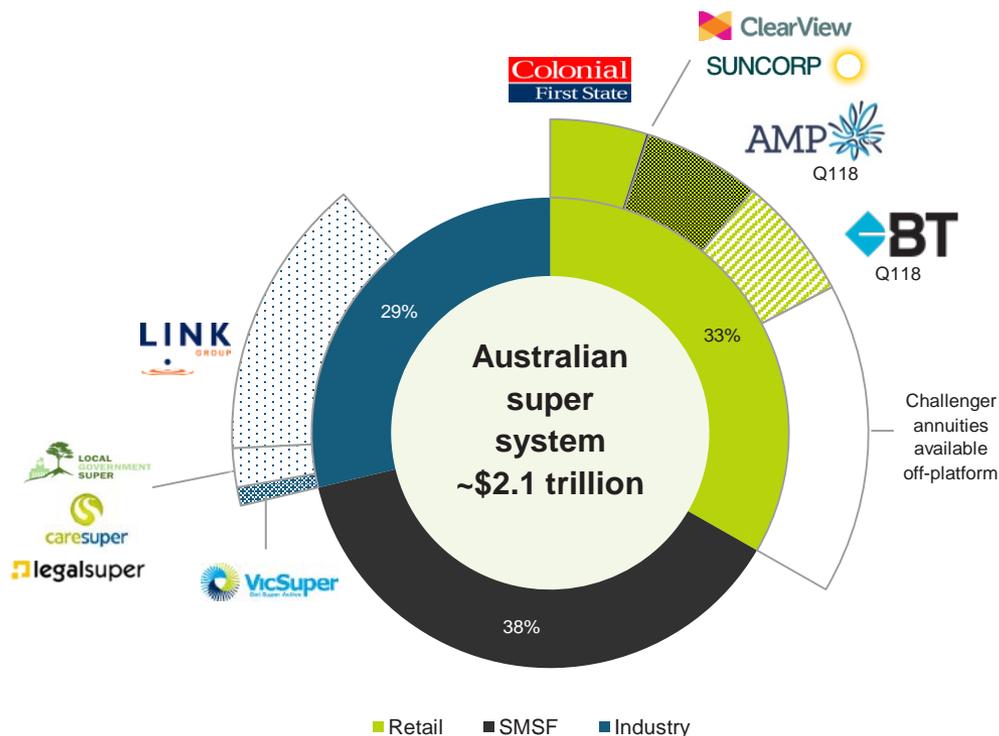
Platforms broadening access to Challenger annuities

New platform relationships

Provides access to ~1/3rd of super industry FUM^{1,2}

New platform relationships

Provides access to ~2/3rd's of financial advisers^{3,4}

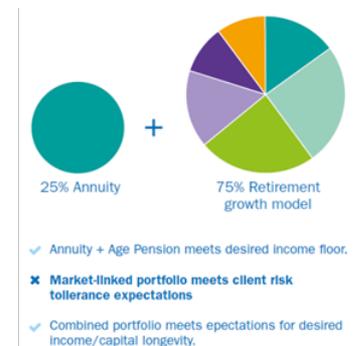
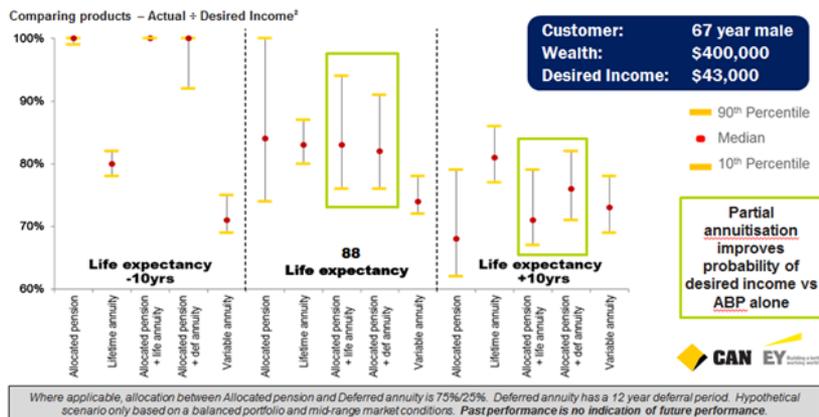


1H17 – Half year 31 December 2016

1. Following launch of AMP and BT, new platform relationships will provide access to one third of Australian superannuation industry FUM.
2. Australian super system size based on APRA annual superannuation bulletin and market share based on Strategic Insights analysis of retail managed funds.
3. Following launch of AMP and BT, new platform relationships will provide access to two thirds of Australian financial advisers.
4. Wealth Insights 2016 Adviser Market Trends Report - provider footprint (primary platform used by advisers).

Platform relationships

Colonial First State (CFS) case study



*“annuities need to be one tool in the financial adviser’s toolbox”
 “we believe that an account based pension with a lifetime annuity or some sort of deferred lifetime annuity will be a good solution for Australian retirees”*

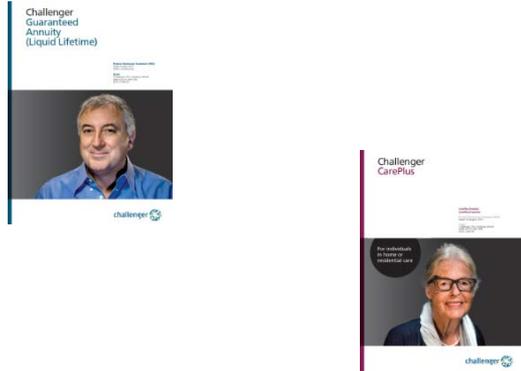
- Based on Ernst & Young stochastic model¹
 - to determine product combinations delivering better client outcomes
 - concluded combining a lifetime annuity with account based pension often provides superior outcomes
- CFS retirement income models launched
 - supported by independent actuarial research¹
 - layering annuities as part of retirement solution
- Annuities on platform - very positive adviser feedback
 - more likely to use annuities; simple to use
 - easy origination process
 - easy for both advisers and clients to view their portfolio in one place
- Significant increase in Colonial sales following annuities on platform initiative
- 1H17 Colonial platform sales up ~150% on 1H16

1H17 – Half year 31 December 2016

1. 'Optimal solution to the retirement riddle', Actuaries Summit, May 2015.

Life product overview

Providing guaranteed income and peace of mind

Product category	% of total book	Key features	
Fixed term annuities Guaranteed Annuity Guaranteed Income Plan Guaranteed Income Fund Guaranteed Pension Fund	59%	<ul style="list-style-type: none"> ✓ Available on leading platforms ✓ Guaranteed rate for a fixed term ✓ Payment frequency options ✓ Inflation protection options ✓ Ability to draw capital as part of regular payments ✓ Tax free income¹ 	
Lifetime annuities Liquid Lifetime CarePlus	27%	<ul style="list-style-type: none"> ✓ Guaranteed payments ✓ Inflation protection options ✓ Payment for life ✓ Liquidity options ✓ Tax free income¹ <hr/> <ul style="list-style-type: none"> ✓ Designed for aged care recipients ✓ Guaranteed payments for life ✓ Up to 100% death benefit 	
Other Guaranteed Index Return (GIR) Challenger Index Plus Fund ²	14%	<ul style="list-style-type: none"> ✓ Institutional product ✓ Guaranteed fixed income returns 	

More information
www.challenger.com.au/products

1H17 – Half year 31 December 2016

1. If bought with superannuation money and in retirement phase.
2. Challenger Index Plus Fund is a pooled GIR product launched in Q217.

Brand strength

Brand strengthening with consumers¹, leading with advisers²

2011
'Real Stories'



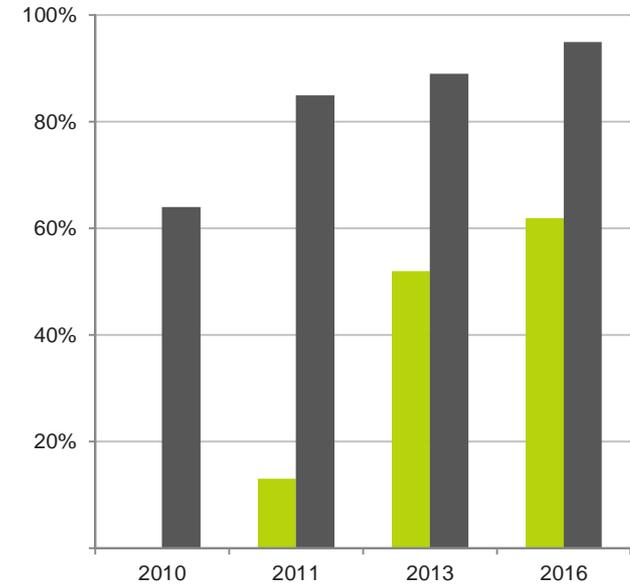
2013
'On Paper'



2016
'Lifestyle Expectancy'



Brand strength



■ Consumers

■ Advisers

'Prompted brand awareness'

'Leaders in retirement income'

1H17 – Half year 31 December 2016

1. Newpoll Consumer Study.
Hall & Partners, Open Mind Consumer Study – December 2013 n=275; May 2016 n=250. Base: 55-64 years, Metro and GC/SC.
2. Marketing Pulse Adviser study.

Advisor support

Challenger No.1 in overall adviser satisfaction

Challenger annuities service analysis conducted by Wealth Insights and compared to the broader market¹

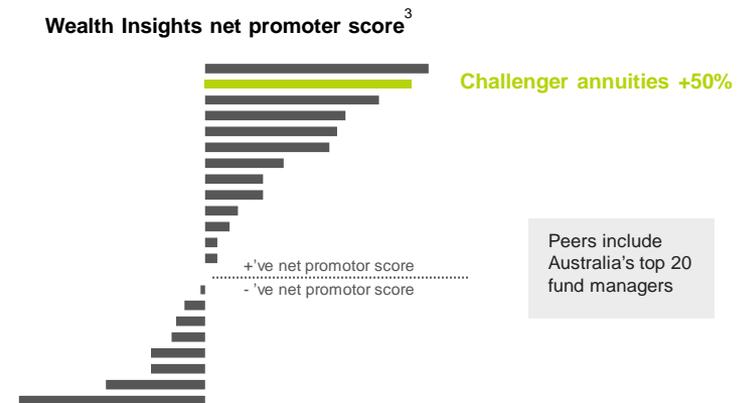
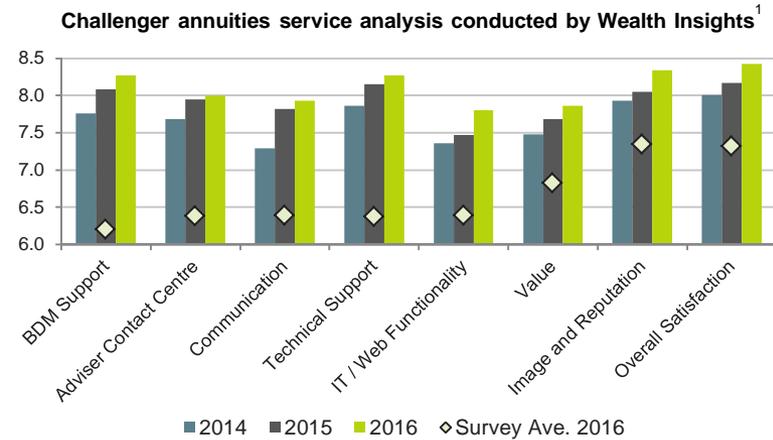
High profile industry survey

- over 850 financial advisers
- how clients regard Challenger vs. peers

Challenger ranked No.1

- ✓ BDM Team (5th consecutive year)
- ✓ Technical Services (first time)
- ✓ Client Services (first time)
- ✓ Image and Reputation (first time)
- ✓ Overall Satisfaction (first time)

Challenger clear leadership in retirement incomes²



1H17 – Half year 31 December 2016

1. Challenger annuities service level analysis conducted by Wealth Insights and compared to the broader market.
 2. Marketing Pulse Adviser study.
 3. Wealth Insights Adviser Trends 2016.

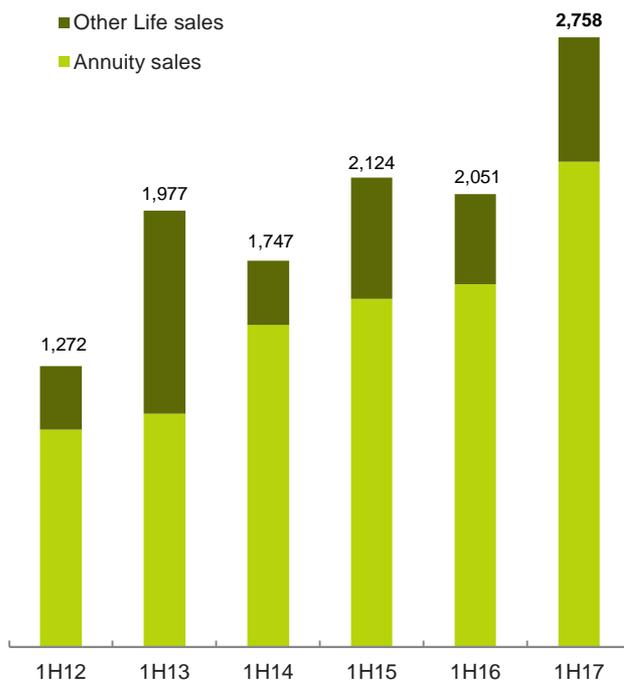
Life - financials

1H17 – Half year 31 December 2016

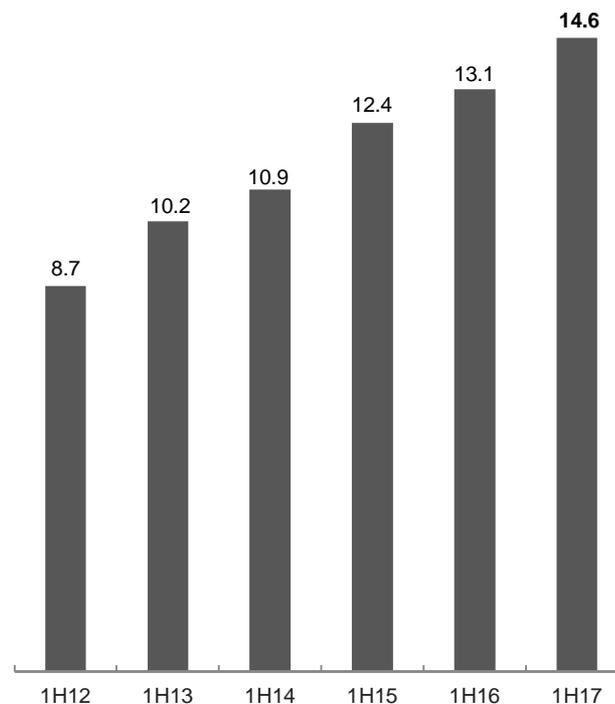
Life

Sales and AUM benefiting from structural tailwinds

Total Life sales (\$m) – 17% CAGR over 5 years



Life AUM (\$bn) – 11% CAGR over 5 years



Average policy amount - Fixed term ~\$200,000 and Lifetime ~\$100,000

1H17 – Half year 31 December 2016

Life

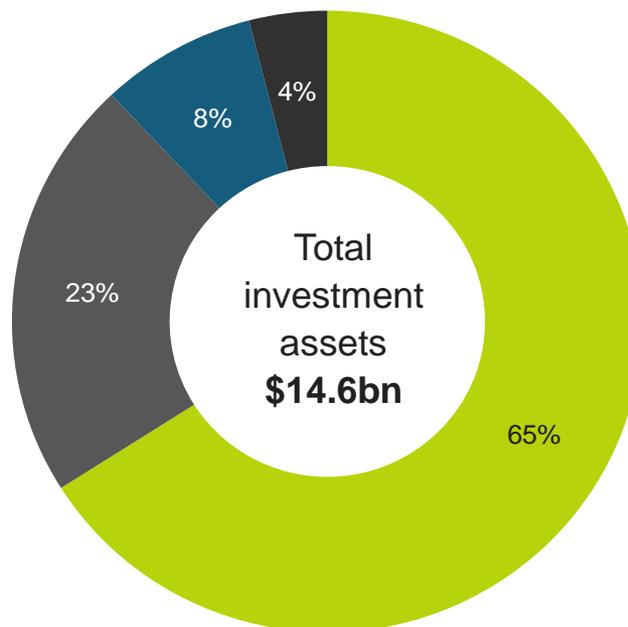
Investment portfolio overview

Equity and other (8%)

- 74% offshore equities
- 26% domestic equities
- 56% beta equities
- 44% alternatives and other

Property (23%)

- 89% domestic assets
- 11% offshore (Japan 7%)
- 32% Government tenants
- 51% Investment grade tenants



Infrastructure (4%)

- 69% unlisted investments
- 31% listed investments
- 50% domestic assets
- 50% offshore assets

Fixed income (65%)

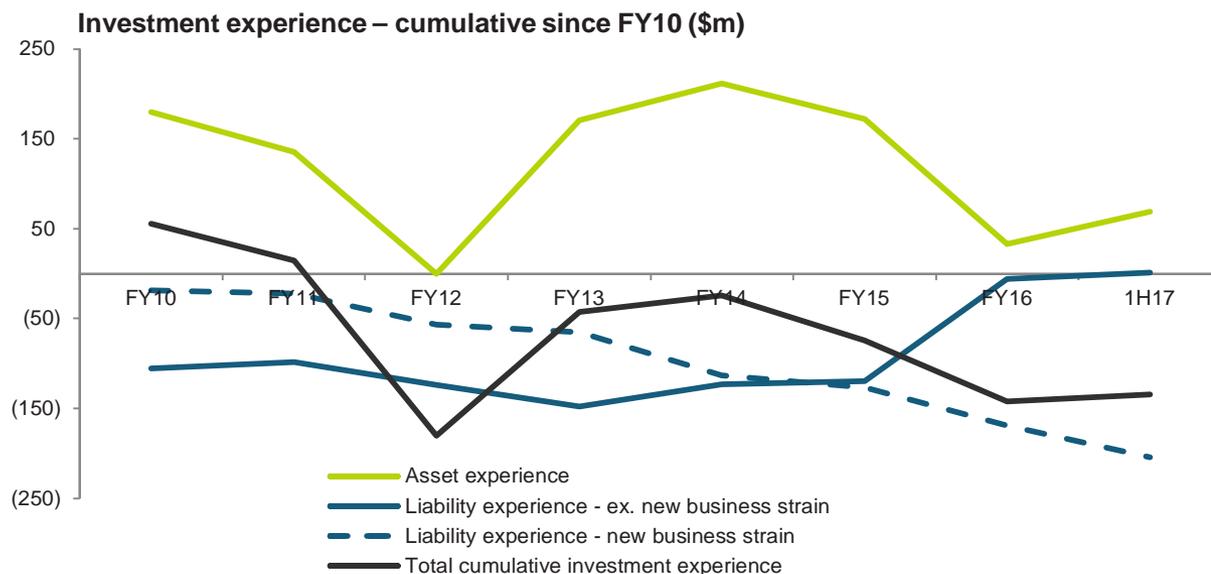
- 79% investment grade
- 86% externally rated
- 12% cash and Government bonds
- 46% Asset Backed Securities (ABS)
- 42% Corporate Credit

- Fixed income and cash
- Property
- Equities and other
- Infrastructure

1H17 – Half year 31 December 2016

Normalised profit framework

Reflects underlying performance of Life business



Investment experience overview

Asset and liability valuation movements are reported as investment experience. These movements are generally non-cash, and by separating them from the Life business result, Life's reported earnings more closely represent the cash earnings of the business.

Investment experience since FY10

Asset experience	+\$69m
Liability – exc. new business strain	+\$1m
Liability – new business strain	-\$204m
Total investment experience	-\$134m

Asset experience

Difference between expected capital growth (based on normalised assumptions) for each asset class through the investment cycle compared to actual investment return.

Normalised assumptions:

- Fixed income -35 bps p.a. (credit default allowance)
- Property 2.0% p.a.
- Infrastructure 4.0% p.a.
- Equities and alternatives 4.5% p.a.

Liability experience

Impact of changes in macroeconomic variables on the valuation of Life's liabilities, including changes to bond yields, inflation factors, expense assumptions, new business strain and other factors.

New business strain (-\$204m since FY10) – Term annuities are valued at fair value and lifetime annuities using a risk-free discount rate, both based on the Australian Commonwealth Government bond curve plus an illiquidity premium. Life tends to offer annuity rates which are higher than these rates, as a result on writing new annuity business a loss is recognised due to using a lower discount rate. This loss is a non-cash item and unwinds over the period of the annuity contract.

1H17 – Half year 31 December 2016

Regulatory capital

Strongly capitalised to support future growth

CLC excess capital and PCA ratio

- \$0.8bn of excess regulatory capital
- Additional Group cash of \$0.1bn
- PCA ratio 1.4x – mid-point of target range of 1.3x to 1.6x¹

Issuing new Alternative Tier 1 capital²

- Notes expected to be listed on ASX
- Proceeds used to fund growth
- Intending to launch Q317
- Targeting \$350m²
- Increases 1H17 PCA ratio to 1.52x (pro forma basis)

Challenger Life Company (CLC) regulatory capital

(\$m)	1H17	1H17 pro forma
Common Equity Tier 1 (CET1) regulatory capital	2,046	2,046
Additional Tier 1	345	695
Tier 2 regulatory capital – subordinated debt	387	387
CLC total regulatory capital base	2,778	3,128
CLC Prescribed Capital Amount (PCA)		
Asset risk charge	1,933	1,980
Insurance risk charge	153	153
Operational risk charge	35	35
Aggregation benefit	(116)	(116)
CLC prescribed capital amount¹	2,005	2,052
CLC excess over prescribed capital amount	772	1,076
PCA ratio (times)	1.39x	1.52x
Tier 1 ratio (times)	1.19x	1.34x
CET1 ratio (times)	1.02x	1.00x
Target surplus range¹	1.3x – 1.6x	

1. Pro forma PCA assumes the 31 December 2016 capital intensity ratio of 13.7% of investment assets.

1H17 – Half year 31 December 2016

1. CLC target surplus range based on asset allocation and economic circumstances.
2. Subordinated, unsecured convertible notes to be issued by Challenger Limited (in Australia) with proceeds used for Additional Tier 1 capital issued by CLC. Targeting \$350m with ability to raise more or less, subject to market conditions and is not underwritten.

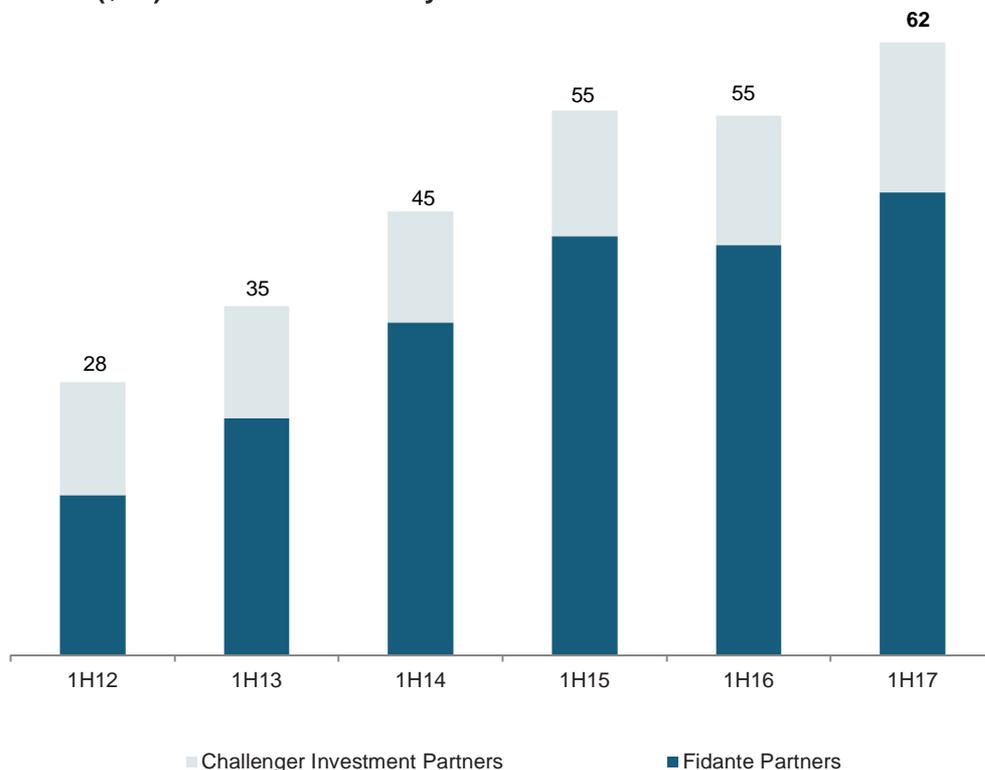
Funds Management

1H17 – Half year 31 December 2016

Funds Management

Strong FUM growth track record

FUM (\$bn) – 18% CAGR over 5 years



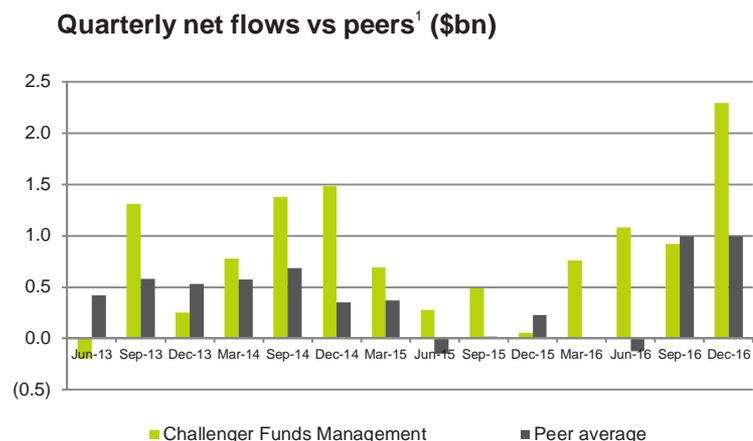
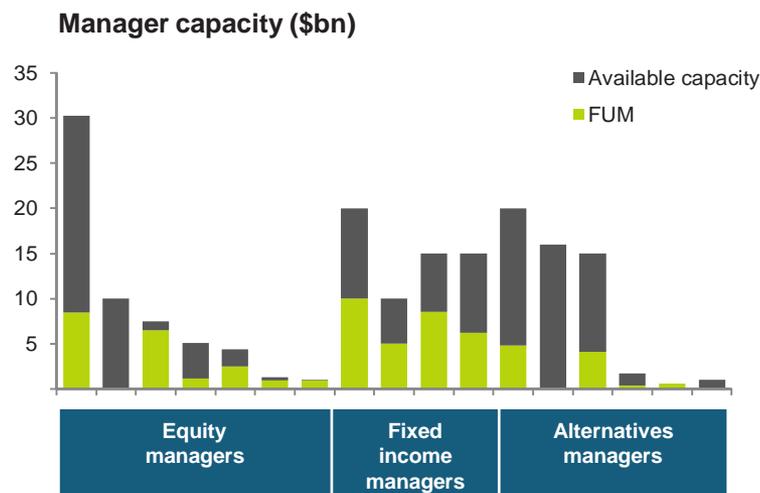
- Funds Management FUM \$62bn, up from \$28bn 5 years ago
 - annual growth 18% p.a.
 - market growth 9% p.a.¹
- Fidante Partners
 - 15 boutique brands
 - geographic and asset class diversification
 - replicating model in Europe
- Challenger Investment Partners (CIP)
 - proven track record in asset origination and investment performance
 - continued growth in 3rd party client base

1H17 – Half year 31 December 2016

1. Rainmaker Roundup – September 2016.

Funds Management

Growth supported by available capacity and superior flows



- ~\$110bn of available capacity provides solid platform for future growth
- Boutique product expansion and Emerging Manager Program to maintain capacity

- Funds Management net flows have consistently outperformed peers
- Net flows benefit from superior long term performance and an aligned business model that appeals to investors

1H17 – Half year 31 December 2016

1. Quarterly net flows for peers, including Magellan, BTIM, Perpetual, AMP Capital Investors, Platinum, and Pacific Current Group. December 2016 peer net flows includes only those that reported December 2016 data by 13 February 2017.

FM - multiple brands and strategies

Scalable and diversified ~\$62bn¹ of FUM



1H17 – Half year 31 December 2016

1. Funds Under Management (FUM) as at 31 December 2016.

FM - Fidante Partners

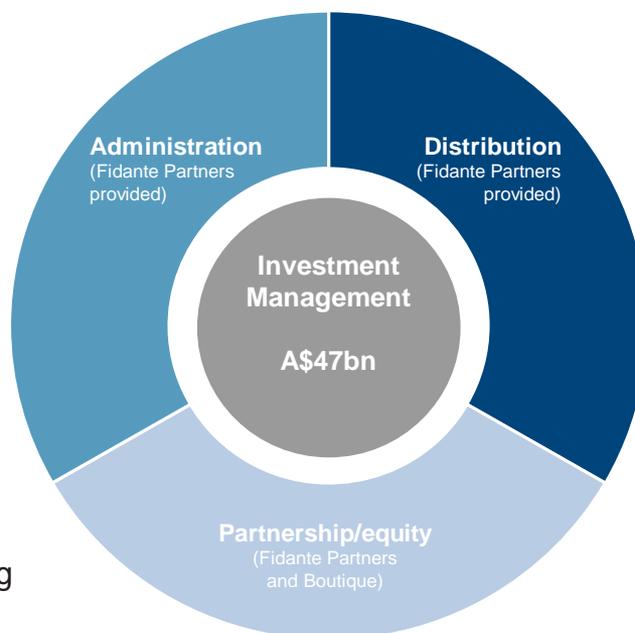
Contemporary model with strong alignment of interests

Administration services

- Investment operations
- Client operations
- Compliance
- IT infrastructure
- Finance
- Human Resources
- Company secretarial
- Facilities

Partnership

- Equity participation (non-controlling interest)
- Business planning, budgeting, strategic development, succession planning



Distribution services

- Asset consultant & researcher relationships
- Strategic positioning
- Product development & management
- Brand development & marketing support
- Sales planning & execution
- Investor relationships
- Client service
- Responsible entity



FM - Fidante Partners boutique managers

Diversified managers and investment strategies

Fidante Partners			Fidante Partners		
Boutique	Investment date	Asset class	Boutique	Investment date	Asset class
	Aug 2010	Australian equities		May 2010	Australian equities (income focus)
	Nov 2008	Australian fixed income		Aug 2010	Australian small and micro cap equities
	Feb 2017	Global equities		Jul 2015	Renewable energy and water infrastructure
	Jun 2010	Global credit portfolios		Feb 2014	Global smart beta strategies
	Sep 2006	Mid and large cap Australian equities		Nov 2008	Australian equities (long only & long/short)
	Jul 2015	UK social housing infrastructure		Jul 2014	Global core infrastructure
	Feb 2007	Global fixed income		Jul 2013	US and European RMBS
	Oct 2005	Australian small cap equities			

1H17 – Half year 31 December 2016

FM - Challenger Investment Partners (CIP)

Proven long-term investment track record and capability

- \$15 billion of FUM¹
- Investment manager for Challenger Life and 3rd party institutions
- Clients benefit from experience and market insights CIP gains through breadth and scale of mandates
- Key relationships with sovereign wealth funds and Australia's leading superannuation funds

Trusted partner for institutional clients

- Local relationships
- Asset origination capability
- Proven track record
- Strong execution
- Risk management expertise
- Excellent client service
- APRA oversight of Challenger Life drives compliance culture

Asset specialisation



Institutional clients

- Sovereign wealth funds
- Australian superannuation funds
- International funds
- International insurance companies
- Pension funds
- Large family offices

1H17 – Half year 31 December 2016

1. Funds Under Management (FUM) as at 31 December 2016.

Important note

The material in this presentation is general background information about Challenger Limited activities and is current at the date of this presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Challenger also provides statutory reporting as prescribed under the Corporations Act 2001. The annual report is available from Challenger's website at www.challenger.com.au. This presentation is not audited. The statutory net profit after tax has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Challenger's external auditors, Ernst & Young, have reviewed the statutory net profit after tax. Normalised net profit after tax has been prepared in accordance with a normalised profit framework. The normalised profit framework has been disclosed in Section 2.2 of the Directors' Report in the Challenger Limited Interim 2017 Financial Report. The normalised profit after tax has been subject to a review performed by Ernst & Young. Any additional financial information in this presentation which is not included in Challenger Limited Interim 2017 Financial Report was not subject to independent audit or review by Ernst & Young.

This document may contain certain 'forward-looking statements'. The words 'forecast', 'expect', 'guidance', 'intend', 'will' and other similar expressions are intended to identify forward-looking statements. Forecasts or indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Challenger. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Challenger disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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Unless otherwise indicated, all numerical comparisons are to the prior corresponding period.