



## Manulife Financial Corp. Sets its Sights on Asia

### Description

When you are the largest insurer in the country, one of the biggest challenges is finding new ways to expand. Often those new growth opportunities have to come from outside the country.

For **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)), who already serves one in five Canadians, that growth will come from Asia—particularly Japan and Hong Kong. The company already has a presence in both countries, but will be seeking to bolster offerings in both of those markets as well as expanding into the rapidly growing markets of Vietnam, the Philippines, and China.

### Why expand into Asia?

Manulife already has a presence in Asia, with 10,000 employees across 12 different markets. In terms of Manulife's total business, the Asian region accounts for nearly half of the insurance sales and a third of the company's earnings.

When Manulife acquired Standard Life PLC over a year ago in a deal worth \$4 billion, the company added 1.4 million customers. That deal also allowed both companies to cross-sell products to international customers. Standard Life has a larger presence in India, which is one of the markets in Asia that Manulife is targeting.

Additionally, Manulife has also agreed to purchase Standard Chartered's Hong Kong pension business. The partnership also permits Manulife to provide pension services to the bank's customers in Hong Kong.

Manulife completed a \$1.2 billion deal with Singapore's DBS Group Holdings Ltd., which forged a 15-year partnership this past April. This deal granted Manulife exclusive rights over wealth management products and insurance to DBS clients across Asia.

The reasoning behind the expansion can be seen as twofold; Asia has a massive middle-class that is growing rapidly and an aging population. This could double wealth in the region over the next decade.

For Manulife, reaching out into these markets not only make sense, but will improve margins and

diversify business.

### Third-quarter results

Manulife reported third-quarter results last week. A number of key figures have shown an improvement over the same quarter last year.

During the third quarter, core earnings in the Asia division increased by 30.4% to \$356 million. In the Canadian division core earnings were up by 39.1% to \$338 million, and in the U.S. division core earnings were up by 14.9% to \$393 million. Overall, total assets under management and administration increased by 34% to \$887.98 billion, and total premiums and deposits were up by 58.4% to nearly \$35 billion.

After announcing the quarterly results, shares of Manulife dropped over 3%. Currently, the stock trades at \$21.29, and is in red for the year by 4%. Manulife also pays a handsome dividend of \$0.68 per share that amounts to a yield of 3.2%.

Despite the recent dip in price, in my opinion, Manulife remains a great buy for investors. The company has a strong balance sheet, consistent history of growth, and a solid dividend for investors seeking growth.

### CATEGORY

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1. Editor's Choice

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### Date

2025/08/02

### Date Created

2015/11/16

### Author

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