



# GENERALI GROUP 2017 First Half Results

*The like for like change of written premiums, life net inflows, new business volumes and value is on equivalent terms (on equivalent exchange rates and consolidation area).*

# Agenda

## I. Business Overview

Philippe Donnet – Group CEO

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## II. 2017 First Half Group Financials

Luigi Lubelli – Group CFO

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## III. Backup

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# Agenda

## I. Business Overview

**Philippe Donnet – Group CEO**

## Takeaways

- › Generali delivering strong results and growth
- › Strategy being executed with discipline and pace
- › Well positioned to deliver on stated financial targets

# Generali: A unique insurance Group consistently delivering excellence



**AN INTERNATIONAL GROUP  
DEEPLY ROOTED IN EUROPE**



**STRONG PROPRIETARY  
DISTRIBUTION NETWORK**



**EXCELLENT TECHNICAL  
AND OPERATIONAL  
CAPABILITIES**



**MOMENTUM ON  
INNOVATION**



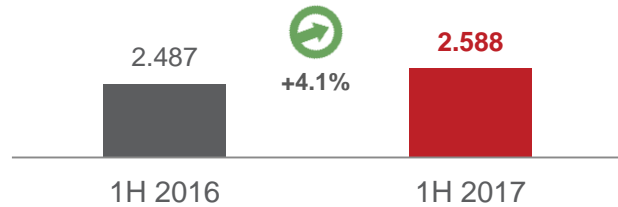
## SELECTED RECENT ACHIEVEMENTS

- ✓ Improving our global footprint with discipline
- ✓ 1st Global Agent Excellence Event
- ✓ Digital Agent platform being implemented
- ✓ Transformational strategy of asset management in Europe launched
- ✓ Strong growth of capital light products
- ✓ Efma-Accenture Global innovator award

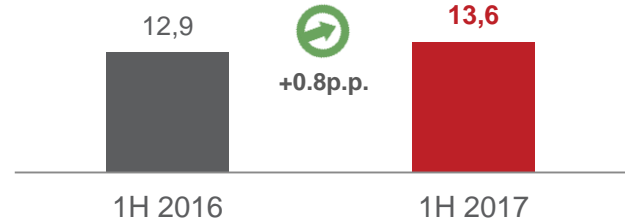
# Positive results momentum

- Profitability improved
- Solvency strengthened

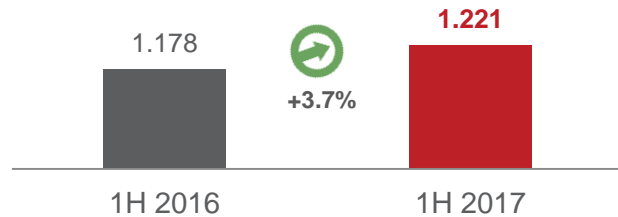
**OPERATING RESULT**  
(Euro m)



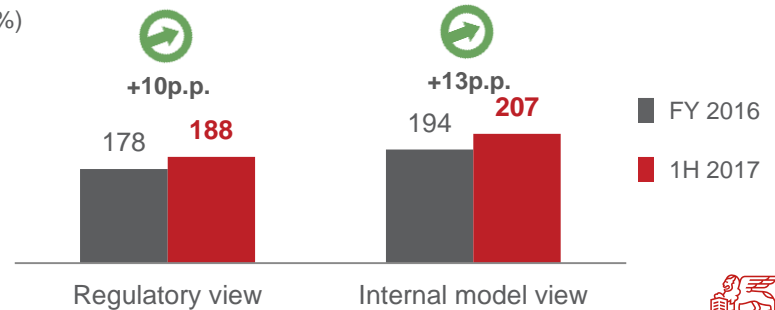
**OPERATING ROE**  
(%)



**NET RESULT**  
(Euro m)



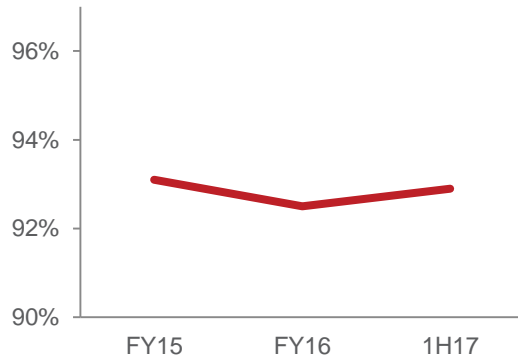
**SOLVENCY II RATIO**  
(%)



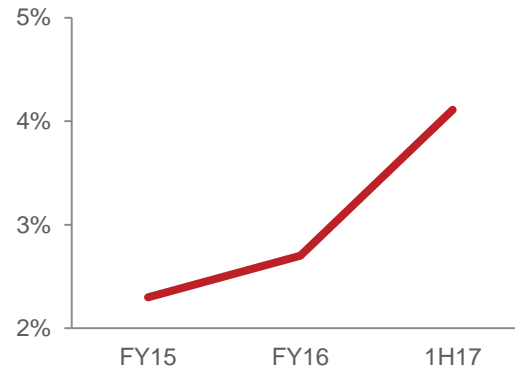
# Excellent technical performance remains a cornerstone

- Excellence in P&C with a combined ratio of 92.9%
- Life new business margin strongly improves to 4.1%<sup>1</sup>

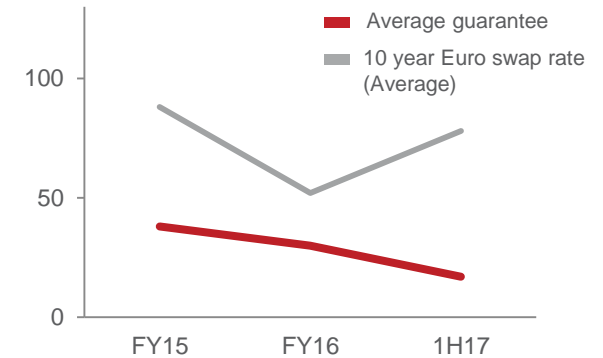
**P&C COMBINED RATIO**  
(%)



**NEW BUSINESS MARGIN**  
(% PVNBP)

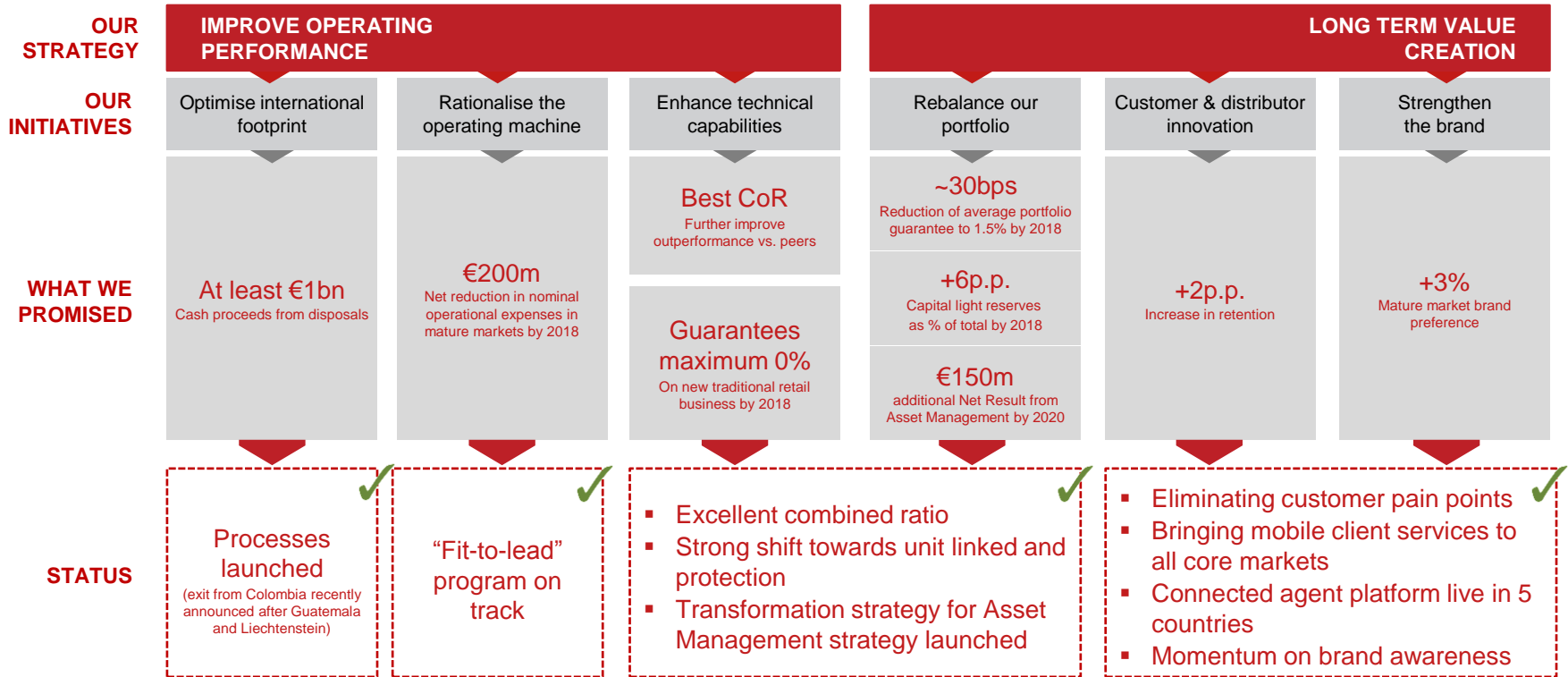


**AVERAGE GUARANTEE ON NEW TRADITIONAL BUSINESS**  
(Euro area, bp of new business premiums)



1. PVNBP basis

# Strategy execution with discipline and pace

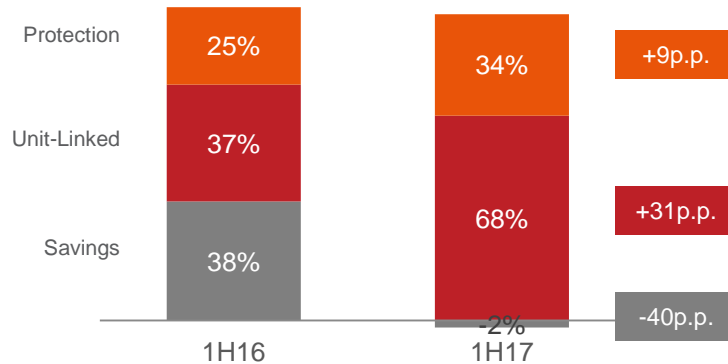




# Life business mix rapidly shifting

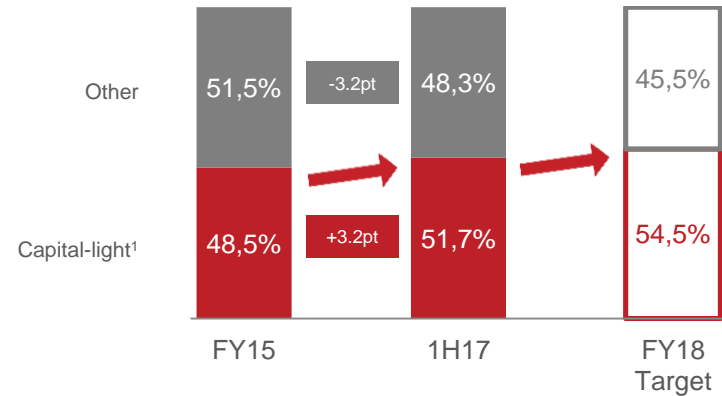
- Strong steering of business towards unit linked and protection

**NET INFLOW MIX**  
(% of total)



- Reserve mix continuing to improve – on track for 2018 target: €23bn capital light reserves added net in past 18 months

**CAPITAL LIGHT RESERVES**  
(% of total)



<sup>(1)</sup> Reserves without interest rate guarantees or with guarantees equal to or lower than 0%. Compared to the 2016 Investor Day figures, the definition has been refined to cover the full Group reserves (previously reserves of Italy, France and Germany) and capital-light includes full Protection reserves. The impact of the refinement is around +1.5% in capital-light reserves applying to all relevant (FY15, FY16 and 1H17) results. Overall target of +6%pt shift from 2015 to 2018 is unchanged

## Generali: Well positioned to deliver on stated financial targets

**> € 7 bn** cumulative Net Operating Cash  
(2015-2018) **ON TRACK**

**> € 5 bn** cumulative dividends  
(2015-2018) **ON TRACK**

**> 13%** average Operating RoE  
(2015-2018) **ON TRACK**

# Agenda

## II. 2017 First Half Group Financials

### Luigi Lubelli – Group CFO

- Profit & Loss and Balance Sheet

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Business review

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# Key 1H 2017 financials at a glance



## VOLUMES

	1H16	1H17	Δ (LFL <sup>1</sup> )
Gross Written Premiums (Euro m)	36,947	<b>36,604</b>	-0.8%
Life	25,816	<b>25,302</b>	-1.8%
P&C	11,131	<b>11,303</b>	+1.5%
Life Net Inflows	7,523	<b>5,764</b>	-23.0%



## PROFITABILITY

Operating result (Euro m)	2,487	<b>2,588</b>	+4.1%
Operating RoE	12.9%	<b>13.6%</b>	+0.8p.p.
Net result (Euro m)	1,178	<b>1,221</b>	+3.7%
New Business Margin on PVNBP (%)	2.68%	<b>4.11%</b>	+1.44p.p.
Combined Ratio	92.3%	<b>92.9%</b>	+0.5p.p.



## CAPITAL

Shareholders' equity	24,545	<b>23,705</b>	-3.4%
Solvency II ratio (regulatory view) (%)	178%	<b>188%</b>	+10p.p.
Solvency II ratio (internal model view) (%)	194%	<b>207%</b>	+13p.p.

# Key 1H 2017 financials at a glance – Main drivers



## VOLUMES

- **GROSS WRITTEN PREMIUMS** reflect the selective underwriting policy and the planned focus on protection and unit linked products. P&C growth in both Motor and Non Motor
- **LIFE NET INFLOWS** below the prior year level, but still strongly positive with improved mix.



## PROFITABILITY

- **OPERATING RESULT** improves thanks to fee business (Banca Generali and Asset Management fees), ongoing excellent performance level in P&C, and resilience in Life
- **OPERATING ROE** remains above target level
- **NET RESULT** increases mainly reflecting the higher operating performance
- **LIFE NEW BUSINESS MARGIN** strongly increases, thanks to ongoing successful shift in business mix in line with our strategy
- **P&C COMBINED RATIO** remains at an excellent level

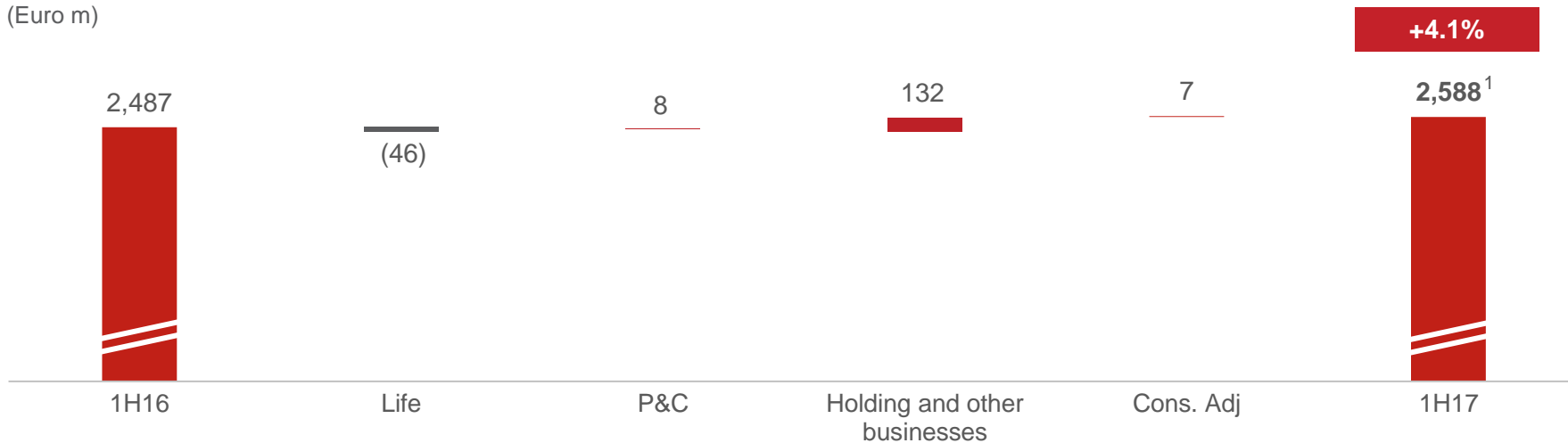


## CAPITAL

- **SOLVENCY II RATIO** further strengthens, due to strong contribution of normalised capital generation net of accrued dividend, plus positive financial market trends (higher swap rate and equity markets, lower volatilities, and lower spreads on average)

# Operating result by segment: Continued growth

(Euro m)

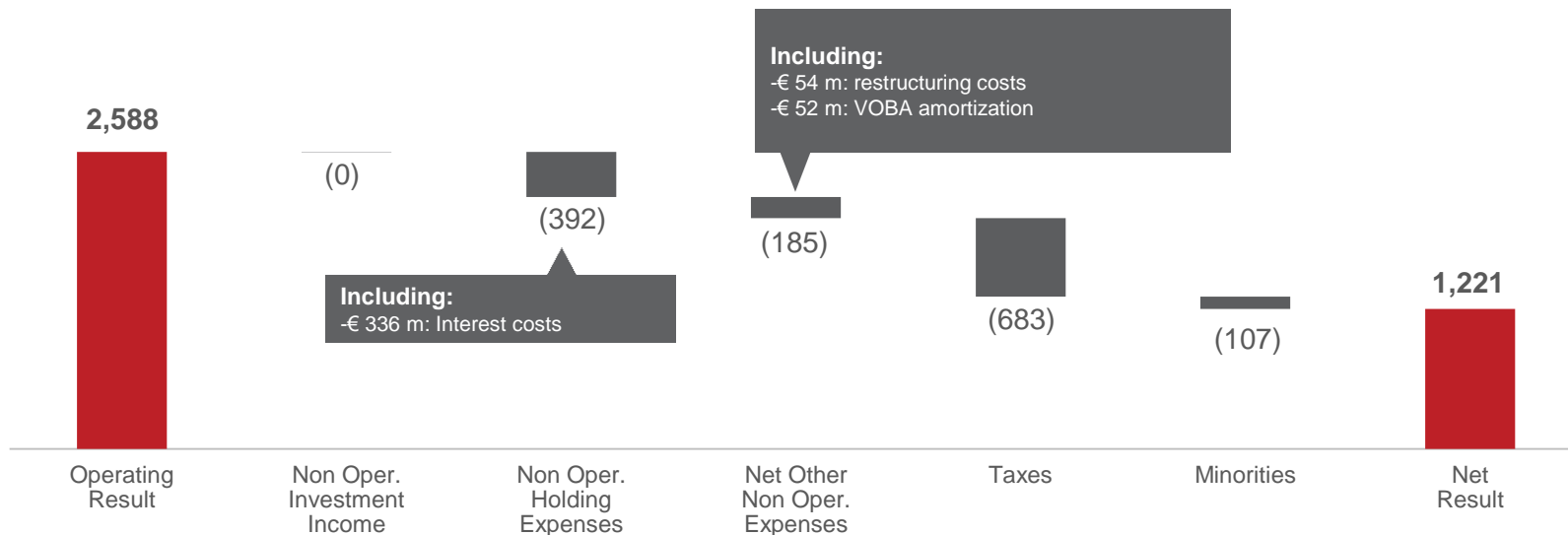


<b>1H 17</b>	<b>1,614</b>	<b>1,095</b>	<b>30</b>	<b>(150)</b>	<b>2,588</b>
1H 16	1,660	1,087	(102)	(158)	2,487
Δ	-2.8%	+0.7%	n.m.	-4.7%	+4.1%

1. Starting from the first half 2017, dividends received from Banca Generali by Italian insurance operations of the Group will be no longer be eliminated under consolidation within the insurance segments, but instead, at Group level. Please see page 49 of consolidated financial half-yearly report 2017 for details

# From operating to net result

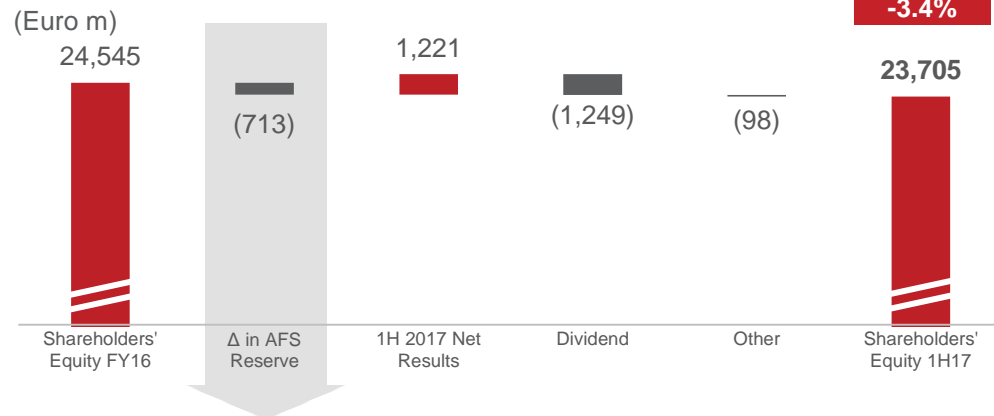
(Euro m)



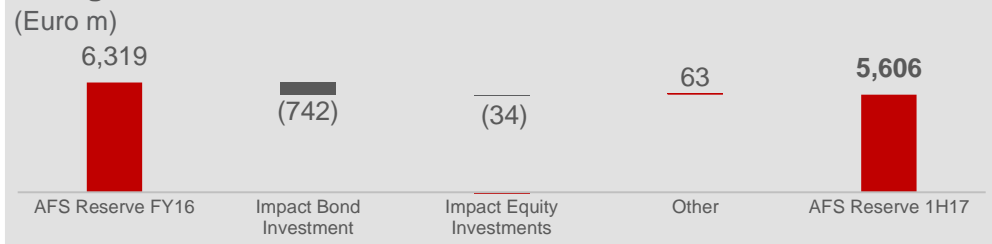
<b>1H 17</b>	<b>2,588</b>	<b>(0)</b>	<b>(392)</b>	<b>(185)</b>	<b>(683)</b>	<b>(107)</b>	<b>1,221</b>
1H 16	2,487	(45)	(405)	(171)	(606)	(82)	1,178
Δ	+4.1%	n.m.	-3.3%	+8.5%	+12.6%	+29.8%	+3.7%

# Shareholders' equity

## Shareholders' equity rollforward

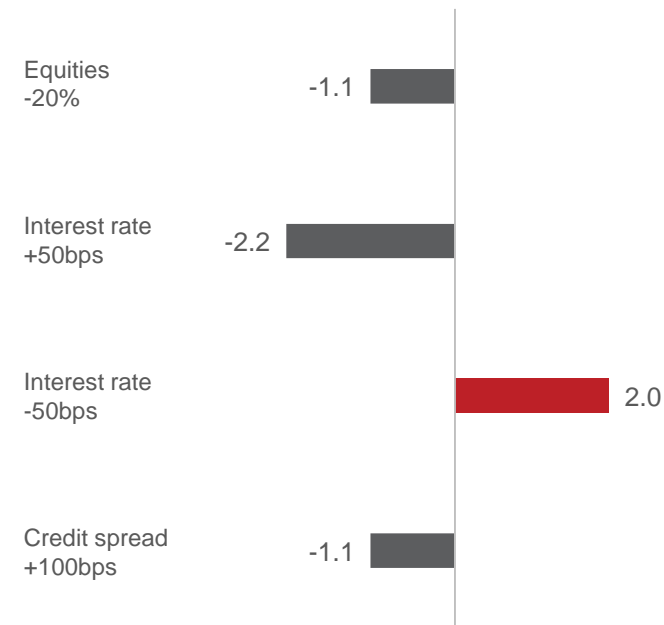


## Change in AFS reserve



## Shareholders' equity sensitivities

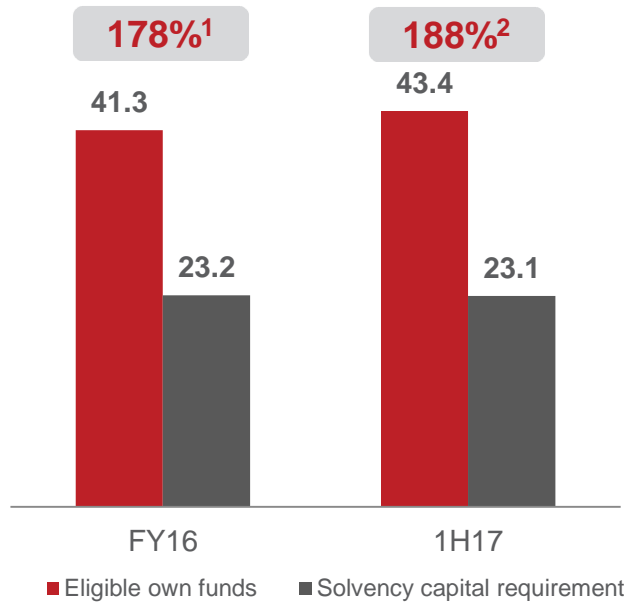
(Euro bn)



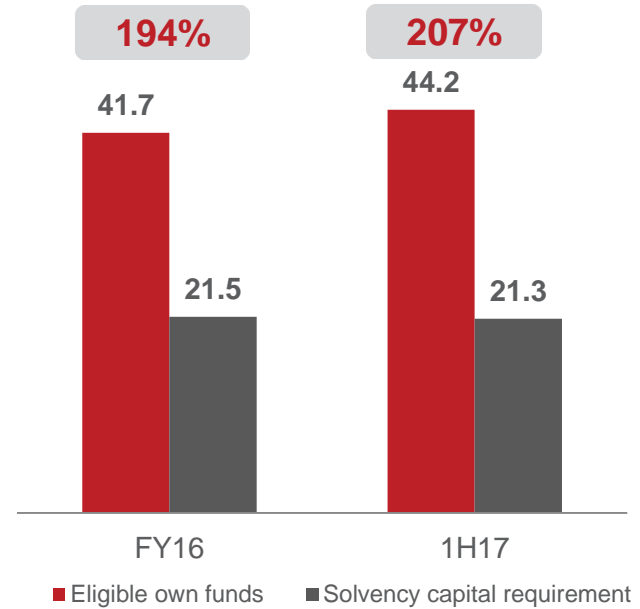


# Solvency II: Strengthening on all metrics

## Solvency II Regulatory view (Euro bn)








## Solvency II Internal Model view (Euro bn)



1. Official Regulatory Ratio submitted to the Supervisor according to the timeline of SII Pillar III reporting process
2. Preliminary Regulatory Ratio

## Solvency II: Internal Model View

Strong organic capital generation and net positive financial market effects

	Excess Own Funds <sup>1</sup> (Euro bn)		Solvency II ratio (%)
<b>FY 2016</b>	20.2		<b>194%</b>
Normalised capital generation	1.8		+9p.p.
Variances and other movements <sup>2</sup>	1.4		+7p.p.
Accrued dividend	(0.6)		-3p.p.
<b>1H 2017</b>	<b>22.8</b>		<b>207%</b>

1. Eligible Own Funds in excess of Solvency Capital Requirement (full internal model view)
2. Variances and other movements include 0.2 bn of alignment between the Preliminary and the Official Regulatory Ratio at FY 2016 (+1%pts on ESR)

# Agenda

## II. 2017 First Half Group Financials

### Luigi Lubelli – Group CFO

Profit & Loss and Balance Sheet

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■ **Business review**

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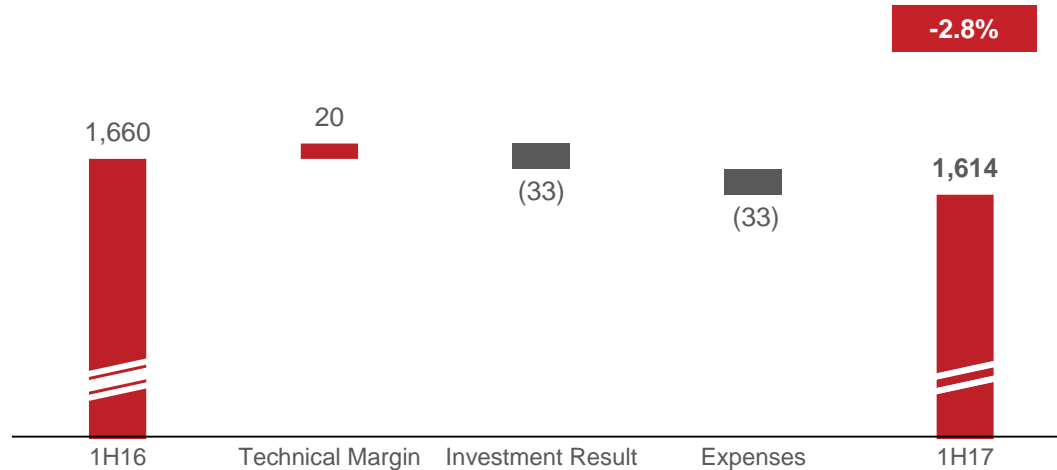
# Life key financial indicators: Successful strategy execution

(Euro m)

	1H16	1H17	LFL Δ
Gross written premiums	25,816	<b>25,302</b>	-1.8%
Net inflows	7,523	<b>5,764</b>	-23.0%
Life operating result	1,660	<b>1,614</b>	-2.8%
Life operating ratio on investments (bps)	40	<b>38</b>	-2
PVNBP	23,352	<b>22,941</b>	-1.6%
New Business Value	627	<b>942</b>	+51.8%
Margin on PVNBP (%)	2.68%	<b>4.11%</b>	+1.44 p.p.

# Life Operating result by driver

(Euro m)



- Technical margin slightly higher with strong results in France and Germany offset by a high result from certain Italian Group Life policies last year which did not repeat
- Investment result underlying resilient: 33m lower YoY, of which 29m explained by foreign exchange (USD vs Euro)
- Expense result reflects business development costs in Asia (including branch openings in China).

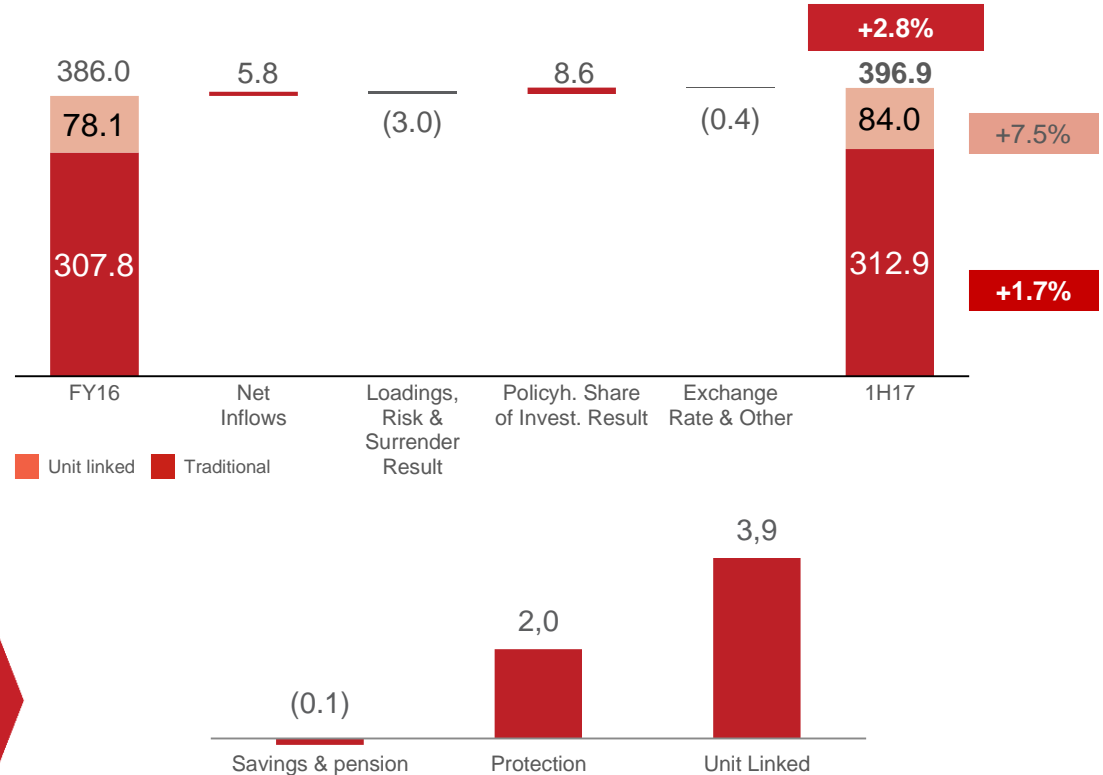
<b>1H 17</b>	<b>2,999</b>	<b>1,122</b>	<b>(2,507)</b>
1H 16	2,979	1,156	(2,475)
Δ %	+0.7%	-2.9%	+1.3%

# Life inflows and technical reserves<sup>1</sup>: Greatly improved business mix

(Euro m)

	1H16	1H17
Italy	3,948	3,121
France	332	190
Germany	1,468	1,313
CEE	265	205
EMEA	536	506
Americas	54	73
Asia	879	348
International	41	7
<b>TOTAL</b>	<b>7,523</b>	<b>5,764</b>

1. Including liabilities related to investment contracts



## NBV 2017: New methodology

- As announced in 1Q, from 2017 onwards, new business premiums and the value of Generali Group are assessed under the Contract Boundaries rules, consistent with the Solvency II framework
- The Group believes the New Business Margin is more appropriately presented as a proportion of PVNBP (present value of the expected future new business premiums) than APE in this framework
- Generali will continue to publish both figures, but will focus on the PVNBP measure going forward

(Euro m)

**Previous  
view**

APE <sup>1</sup>			NBV <sup>2</sup>			NBM		
1H16	1H17	Δ LFL	1H16	1H17	Δ LFL	1H16	1H17	Δ LFL
2,456	2,324	-4.9%	627	942	+51.8%	25.5%	40.5%	+15.1 p.p.

**New  
view**

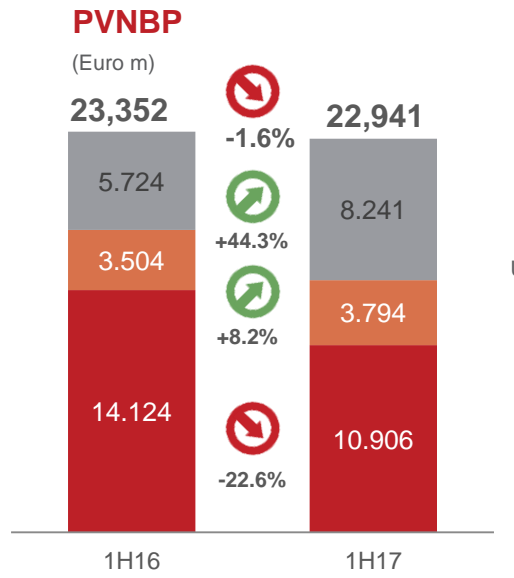
PVNBP			NBV <sup>2</sup>			MARGIN on PVNBP		
1H16	1H17	Δ LFL	1H16	1H17	Δ LFL	1H16	1H17	Δ LFL
23,352	22,941	-1.6%	627	942	+51.8%	2.68%	4.11%	+1.44 p.p.

1. The APE vision at single Country level has been migrated into the Supplementary Financial Information

2. NBV figures (including comparative) shown accommodating for contract boundaries, consistent with Solvency II Framework

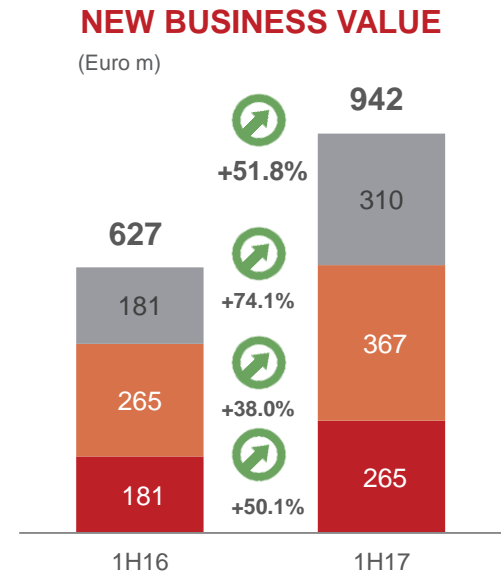
# Life New Business analysis: >50% increase in value generation

Δ margin due to:	
Management actions	+1.59 p.p.
Financial assumptions	-0.15 p.p.
Minorities & FX impact	-0.02 p.p.



**MARGIN ON PVNB**  
(%)

	1H16	1H17	Δ
<b>TOTAL</b>	<b>2.68</b>	<b>4.11</b>	<b>+1.44p.p.</b>
Unit-Linked	3.16	3.77	+0.64p.p.
Protection	7.58	9.66	+2.09p.p.
Savings	1.28	2.43	+1.18p.p.



■ Savings   ■ Protection   ■ Unit-Linked

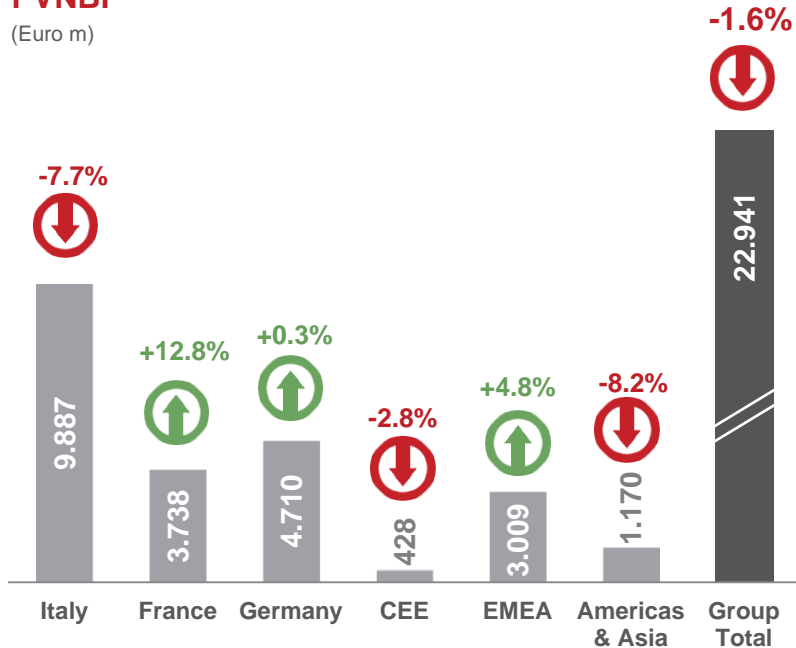




# Life New Business: Margin improvement across all markets

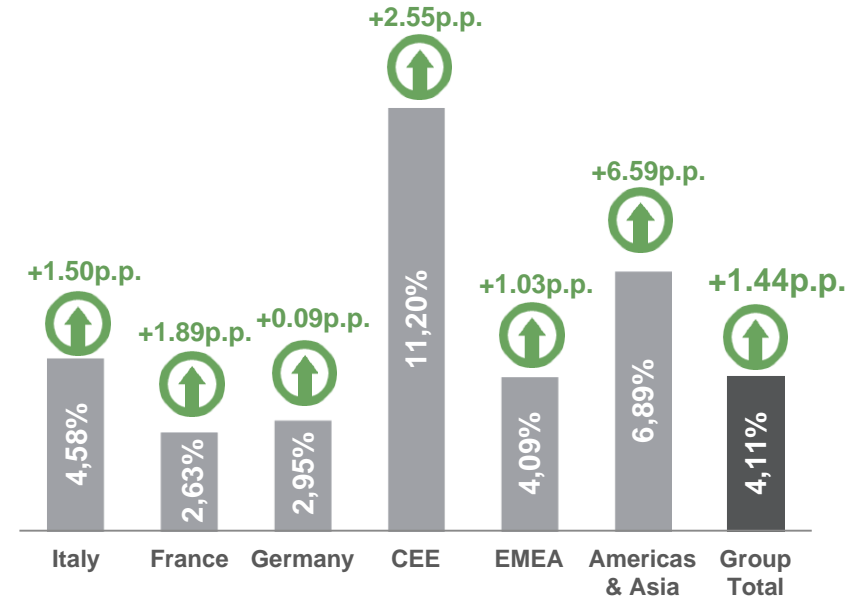
## PVNBP

(Euro m)



## MARGIN ON PVNBP

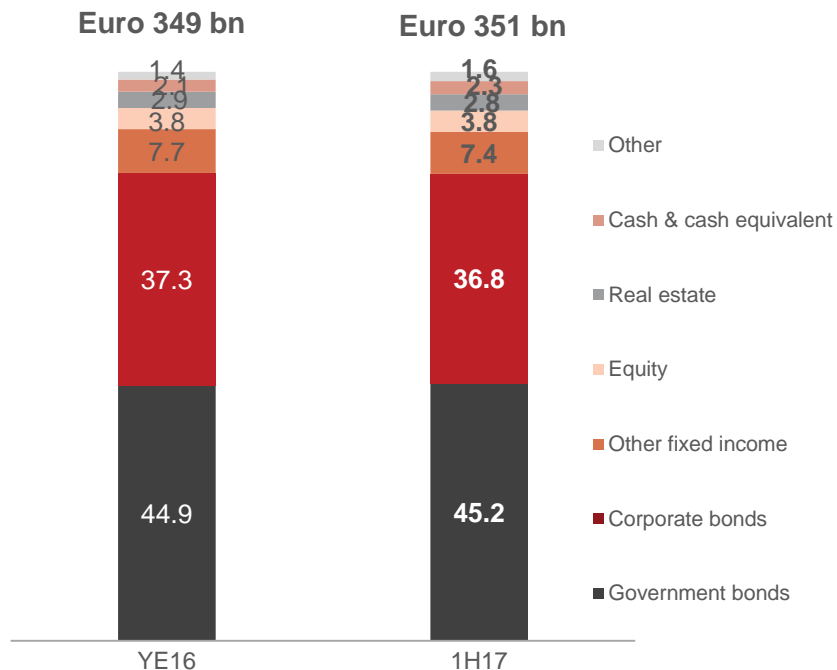
(%)



Note: the arrow represents the variation vs 1H16 numbers

# Life investment breakdown and performance: Resilient returns

## Life segment general account (%)



## Current returns

		Euro m	%
Fixed income	1H16	4,805	1.6
	<b>1H17</b>	<b>4,789</b>	<b>1.5</b>
Equity	1H16	385	2.8
	<b>1H17</b>	<b>358</b>	<b>2.7</b>
Real Estate <sup>1</sup>	1H16	271	2.9
	<b>1H17</b>	<b>281</b>	<b>2.8</b>
Total <sup>1</sup>	1H16	5,621	1.6
	<b>1H17</b>	<b>5,512</b>	<b>1.6</b>

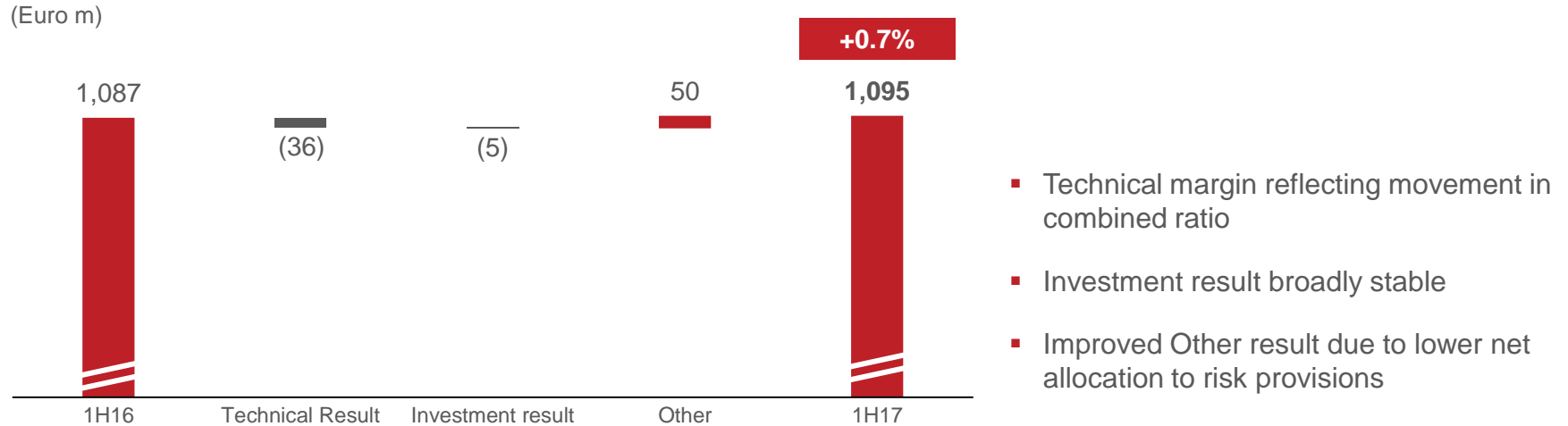
1. Net of depreciation expenses

# P&C key financial Indicators: Confirmation of excellence

(Euro m)

	1H16	1H17	LFL $\Delta$
<b>Gross written premiums, of which:</b>	11,131	<b>11,303</b>	+1.5%
Primary Motor	4,363	<b>4,517</b>	+3.7%
Primary Non Motor	6,359	<b>6,419</b>	+0.8%
<b>Combined ratio (%)</b>	92.3%	<b>92.9%</b>	+0.5p.p
<b>Nat Cat impact (%)</b>	1.3%	<b>0.9%</b>	-0.3p.p
<b>P&amp;C operating result</b>	1,087	<b>1,095</b>	+0.7%

# P&C Operating result by driver



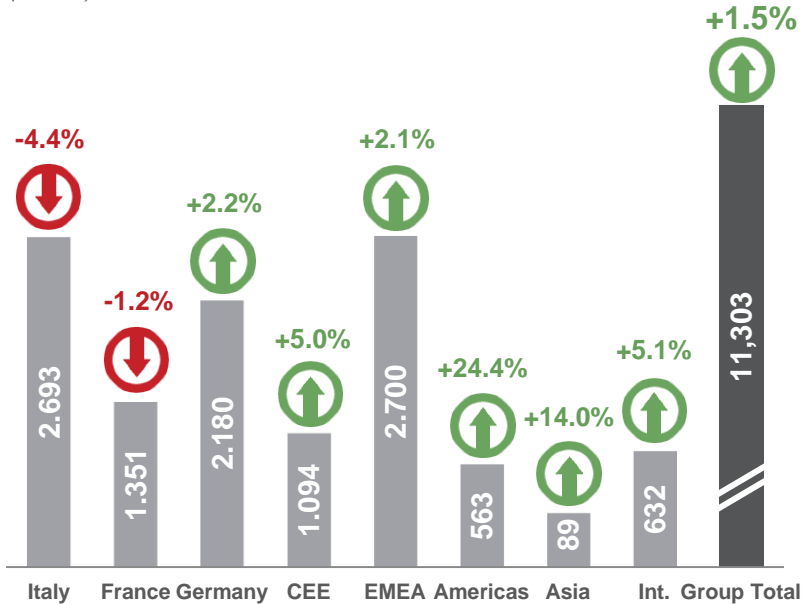
<b>1H 17</b>	<b>644</b>	<b>528</b>	<b>(78)</b>
1H 16	681	533	(127)
<b>Δ %</b>	<b>-5.4%</b>	<b>-1.0%</b>	<b>-39.0%</b>

# P&C gross written premiums and Combined ratio by country

## GROSS WRITTEN PREMIUMS

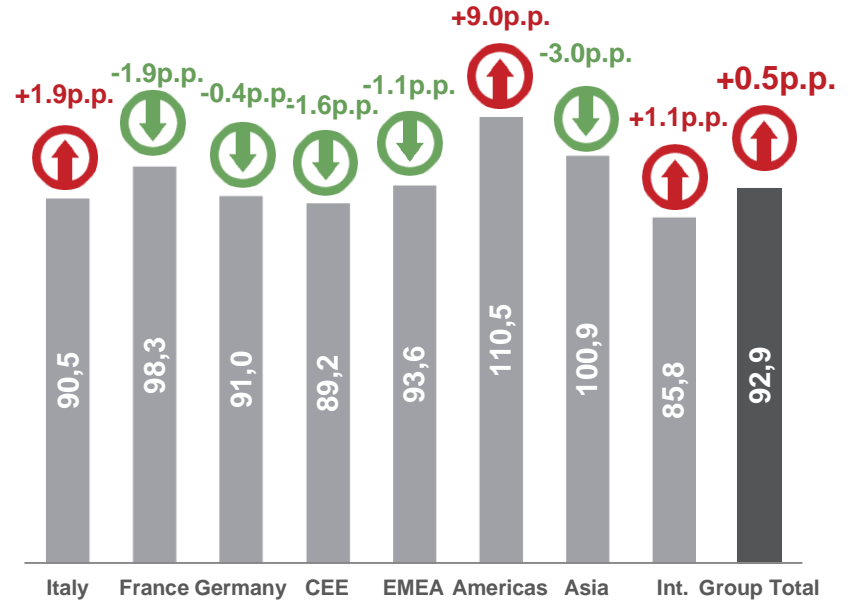
(Euro m)

Total variation due to:	
Primary Motor	+3.7%
Primary Non-Motor	+0.8%



## COMBINED RATIO

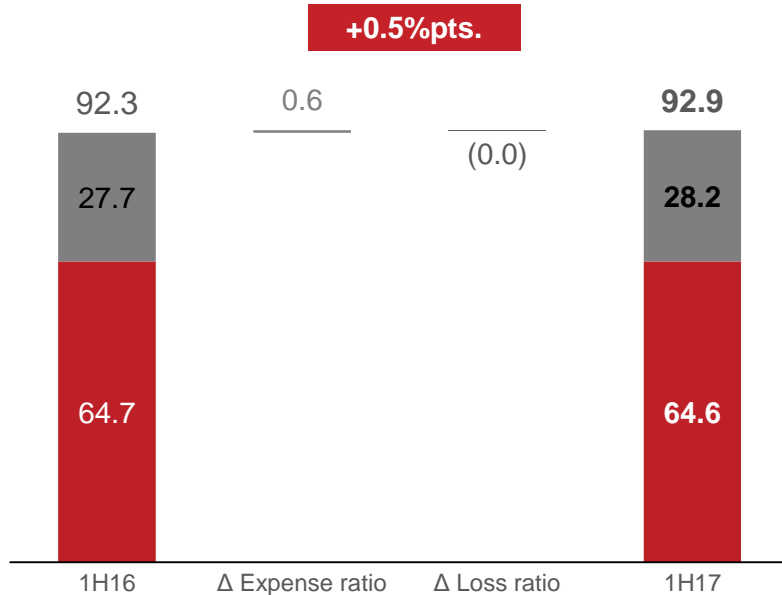
(%)



Note: the arrow represents the variation vs 1H16 numbers

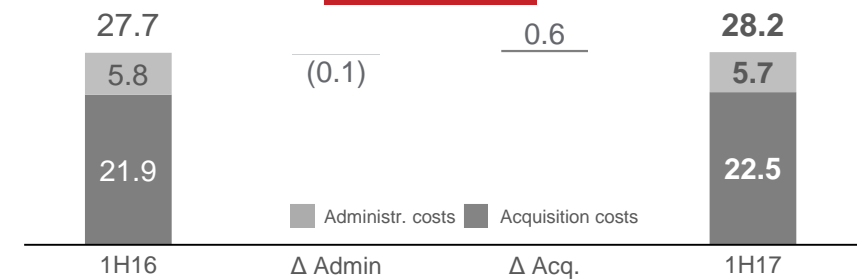
# Combined ratio analysis: Excellent level confirmed at 92.9%

## Combined ratio (%)

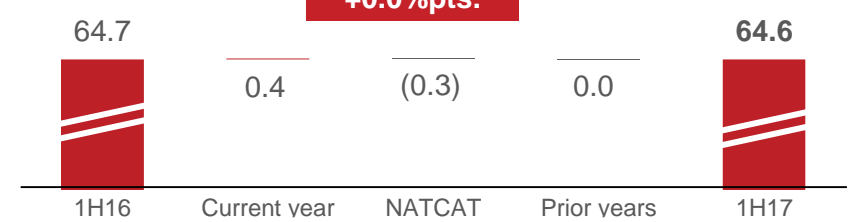


■ Expense ratio ■ Loss ratio

## Expense ratio (%)



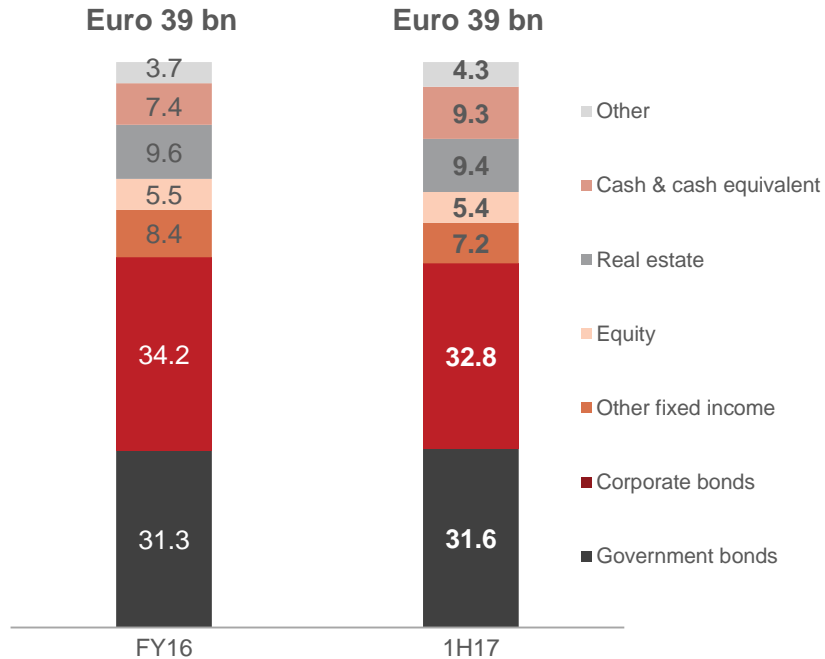
## Loss ratio (%)



1H 17	68.1%	0.9%	-4.4%	64.6%
1H 16	67.8%	1.3%	-4.4%	64.7%

# P&C investment breakdown and performance: Resilient returns

## P&C segment general account (%)



## Current returns

		Euro m	%
Fixed income	1H16	399	1.5
	<b>1H17</b>	<b>390</b>	<b>1.4</b>
Equity	1H16	67	2.9
	<b>1H17</b>	<b>69</b>	<b>2.6</b>
Real Estate <sup>1</sup>	1H16	114	2.9
	<b>1H17</b>	<b>109</b>	<b>2.9</b>
Total <sup>1</sup>	1H16	650	1.6
	<b>1H17</b>	<b>631</b>	<b>1.6</b>

1. Net of depreciation expenses

# Holding & Other businesses segment: Strong growth in fee business

(Euro m)

	1H16	1H17	△
Financial	173	245	+41.9%
<i>of which Banca Generali<sup>1</sup></i>	84	131	+55.6%
<i>of which Other Financials (including Asset Management)</i>	89	114	+28.8%
Operating holding expenses	(238)	(230)	-3.0%
Other businesses <sup>2</sup>	(37)	16	n.m.
<b>Total</b>	<b>(102)</b>	<b>30</b>	<b>n.m.</b>

1. Banca Generali's operating contribution as per Generali's view

2. Including pure financial holdings, international service activities and any other non-core businesses



# Final remarks



- **Success of our strategy demonstrated by market leading technical margins.** Life inflows at a high level with improving mix, P&C premiums growing



- **Overall profitability remains ahead of target,** with Operating RoE at 13.6%



- **Solvency strengthens even further,** to 188% on regulatory and 207% on full internal model view

# Agenda

## III. Backup

- **Investments**

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Financial debt

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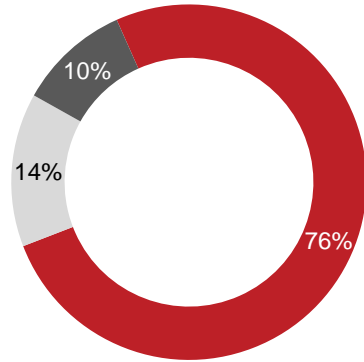
Solvency 2

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# Assets under management

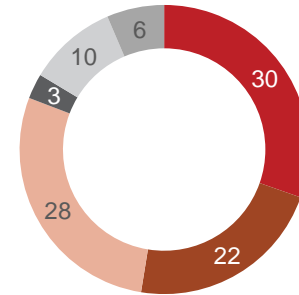
**Total Portfolio: Euro 530 bn**  
(%)

- General account
- Unit Linked
- Third party investments



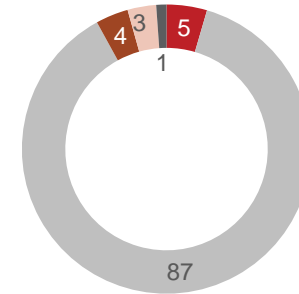
**Breakdown by region and asset class**  
(%)

By Region



- Italy
- France
- Germany
- CEE
- EMEA
- RoW and other operations

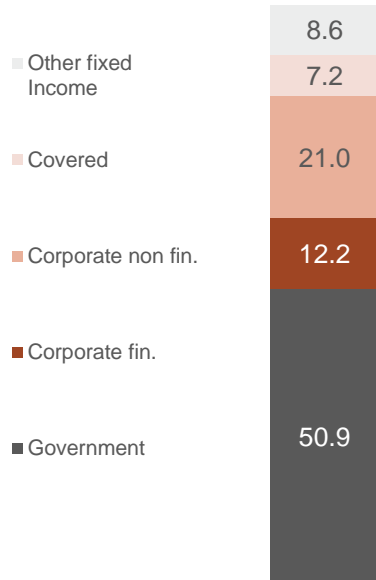
By Asset Class



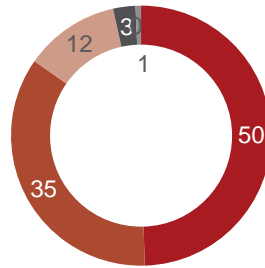
- Equity
- Fixed income
- Real estate
- Cash & Cash Equivalent
- Other

# Fixed Income Portfolio

**Total Portfolio**  
Euro 348 bn  
(%)



**Covered**  
Euro 25 bn  
(%)



■ AAA

■ AA

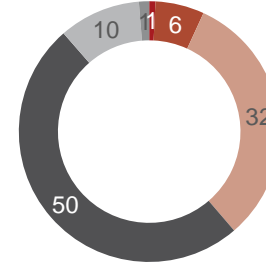
■ A

■ BBB

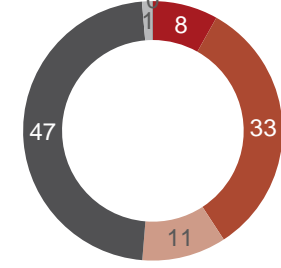
■ Not Investment Grade

■ Not Rated

**Corporate**  
Euro 116 bn  
(%)



**Government**  
Euro 177 bn<sup>1</sup>  
(%)

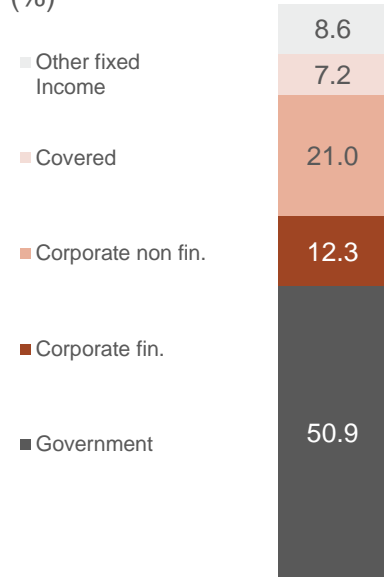


Bond duration	FY16	1H17
Life	8.4	8.5
P&C	5.4	5.7

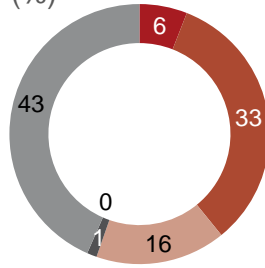
1. Italian government bond exposure is 77% of BBB

# Fixed Income Portfolio by country

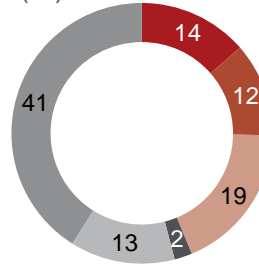
**Total Portfolio**  
Euro 348 bn  
(%)



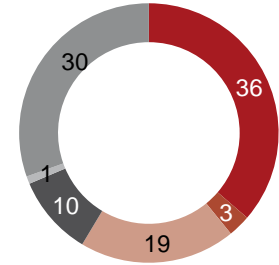
**Covered**  
Euro 25 bn  
(%)



**Corporate**  
Euro 116 bn  
(%)



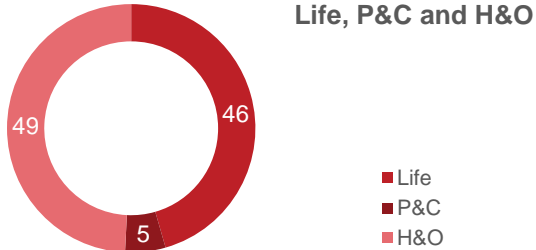
**Government**  
Euro 177 bn  
(%)



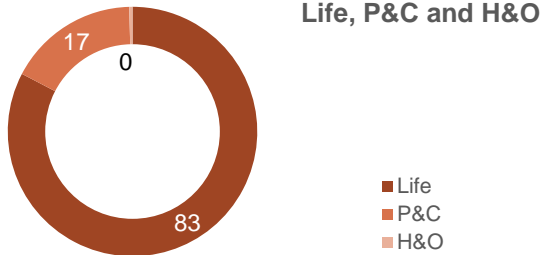
■ Italy ■ Germany ■ France ■ CEE ■ USA ■ Other

# Equity & Equity-like

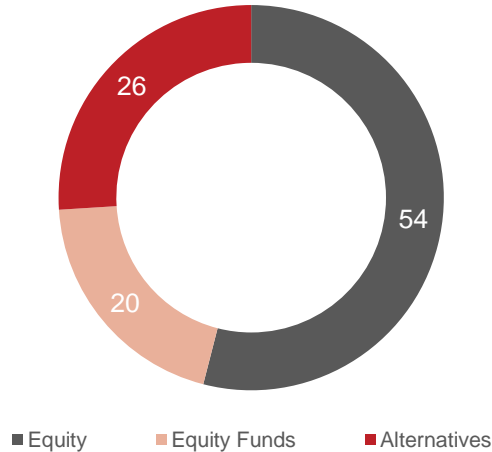
Alternative funds: Euro 5 bn  
(%)



Equity funds: Euro 4 bn  
(%)



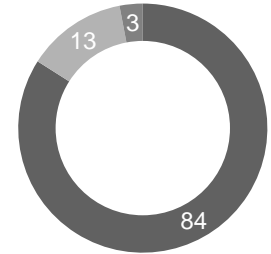
Total Portfolio: Euro 18 bn  
(%)



Equity: Euro 10 bn  
(%)

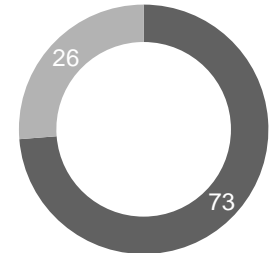
Life, P&C and Financial

- Life
- P&C
- H&O



Listed and Unlisted

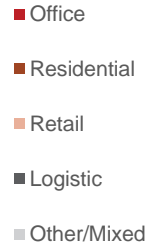
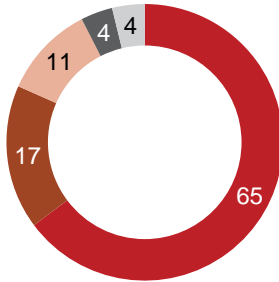
- Quoted
- Unquoted



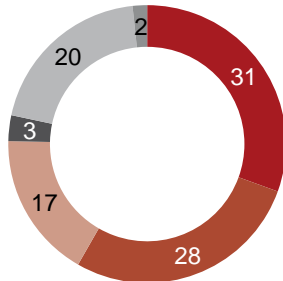
# Asset Allocation: Real Estate

Total Portfolio: Euro 25 bn<sup>1</sup>

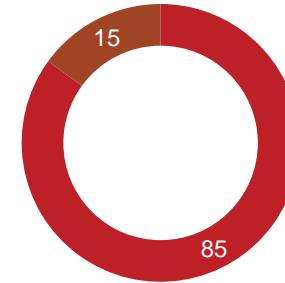
Breakdown  
by use<sup>(2)</sup>  
(%)



Breakdown  
by country<sup>2</sup>  
(%)



Breakdown  
by utilization<sup>(2)</sup>  
(%)



1. Data, at fair value, includes investment properties, own use assets, indirect investments and properties inventory

2. Detail, referred to direct investments in real estate only

# Agenda

## III. Backup

Investments

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- **Financial debt**

page **41**

Solvency 2

page **44**

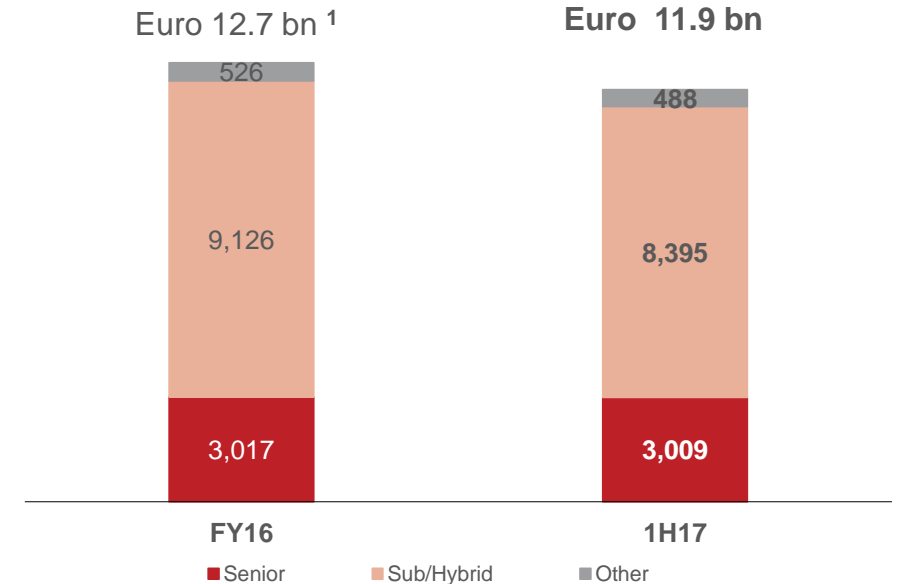


# Focus on financial debt

## Average cost & maturity of financial debt (%)

	FY16	1H17
<b>Average cost (%)</b>	5.67%	<b>5.70%</b>
Subordinated/Hybrid	6.14%	<b>6.22%</b>
Senior	4.18%	<b>4.18%</b>
<b>Average maturity (years)</b>	6.72	<b>6.72</b>

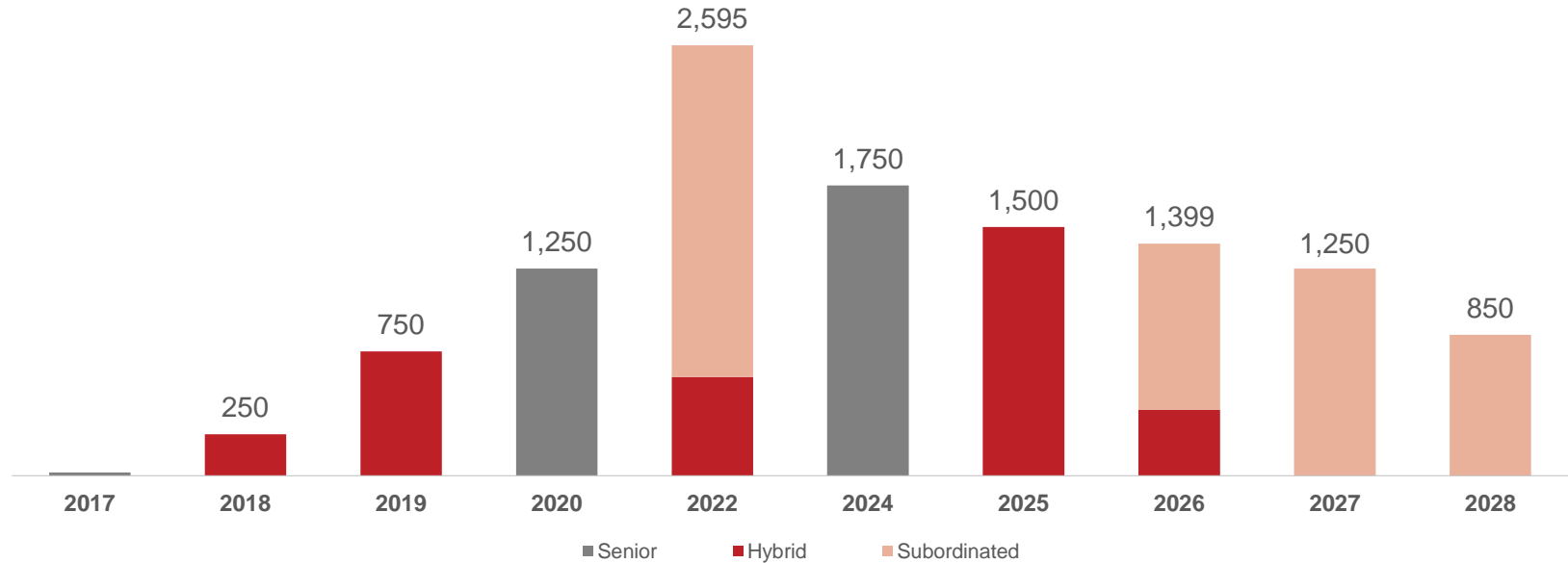
## Total financial debt (Euro bn)



1. The amounts of financial debt includes the subordinated bond issued in June 2016, for a nominal amount of Euro 850 m, to refinance February 2017 callable hybrid bonds

# Financial debt breakdown by expiry date/call date

(Euro m)



# Agenda

## III. Backup

Investments

page **35**

Financial debt

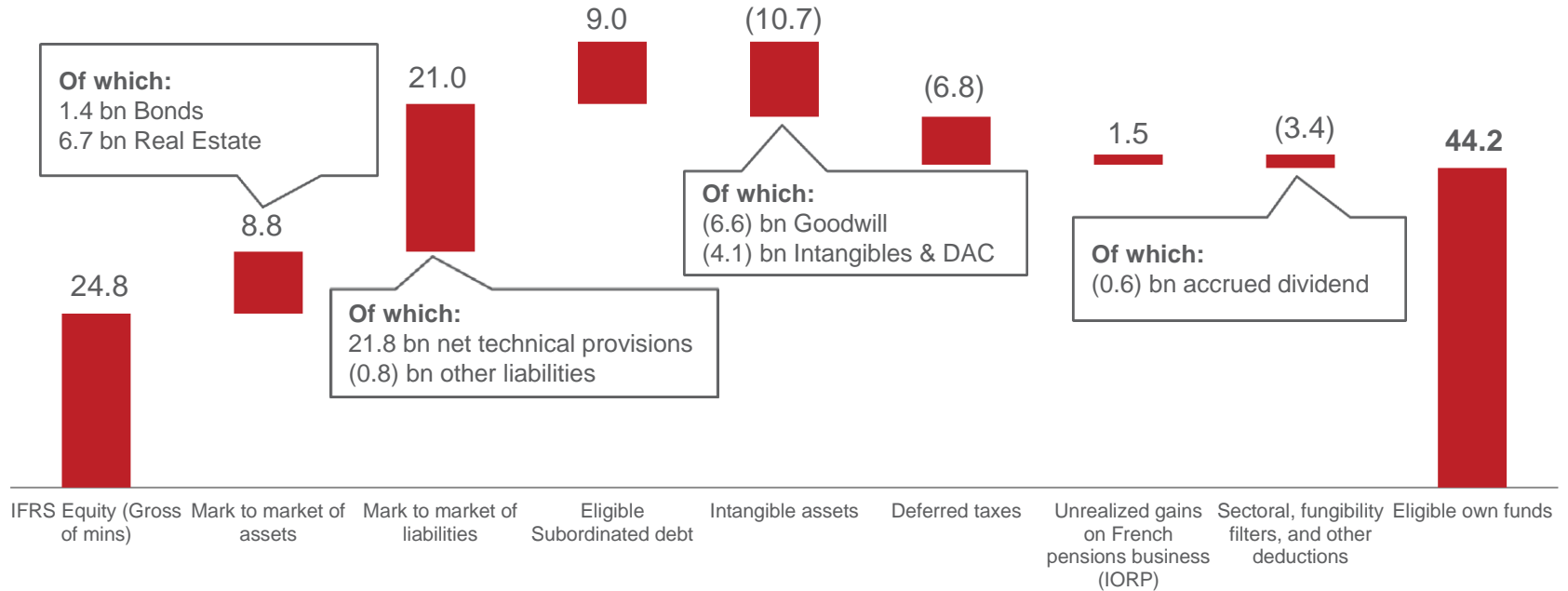
page **41**

• **Solvency 2**

page **44**

# Reconciliation of IFRS equity to Solvency II Eligible Own Funds

## Solvency II Eligible own funds (1H17, Euro bn)



# Disclaimer

Certain of the statements contained herein are statements of future expectations and other forward-looking statements.

These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

Neither **Assicurazioni Generali SpA** nor any of its affiliates, directors, officers employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.

The manager charged with preparing the company's financial reports, Luigi Lubelli, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this presentation corresponds to document results, books and accounts records.

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**Thank you**



# **GENERALI GROUP**

## **2017 First Half Results**