



GENERALI GROUP 2018 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

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Philippe Donnet – Group CEO

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Luigi Lubelli – Group CFO

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Agenda

I. Business Overview

Philippe Donnet – Group CEO page 4

Key messages



Improved profitability as a result of disciplined strategy execution



Optimization of geographical footprint near completion

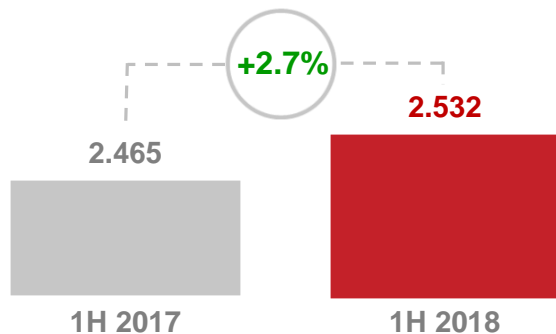


On track to deliver on 2015-2018 targets

Continued excellent technical performance & profitability

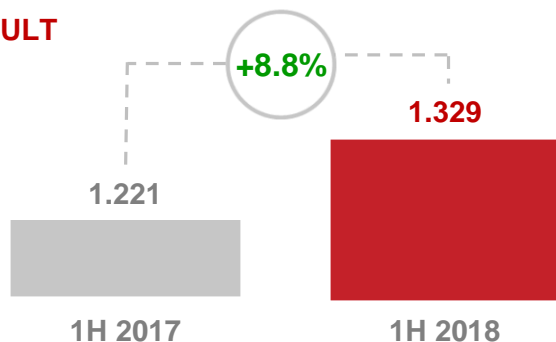
OPERATING RESULT

(Euro m)



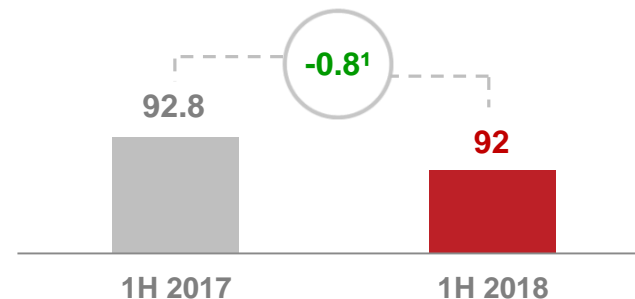
NET RESULT

(Euro m)



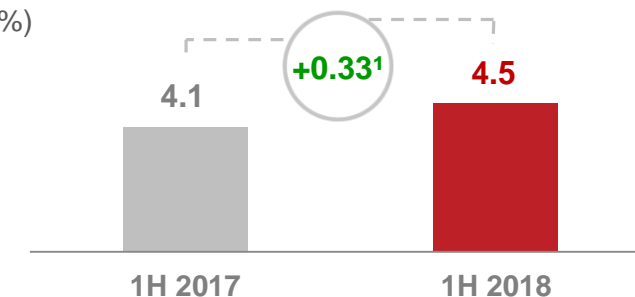
P&C COMBINED RATIO

(%)



LIFE NEW BUSINESS MARGIN

(%)



¹ Percentage points

2015 – 2018 Strategy status: On target (1)

IMPROVE OPERATING PERFORMANCE



Optimise international footprint

At least **€1bn** cash proceeds from disposals

ACHIEVED

- Signed deals worth about **€1.5 bn**



Rationalise the operating machine

€200m net reduction in nominal operating expenses in mature markets

ACHIEVED

- Achieved as of year-end 2017



Enhance technical capabilities

Best Combined Ratio, further improve performance vs. peers

 **ON TARGET**

- **92%** in 1H18, improved by 0.8p.p. vs. 1H17

Guarantees maximum **0%** on new traditional business

 **ON TARGET**

- **14bps** at 1H18 (-11bps vs. 1H17), 1bp in Euro-area

¹ Selected peers = Allianz, AXA, Zurich

2015 – 2018 Strategy status: On target (2)

LONG-TERM VALUE CREATION



Rebalance our portfolio

30bps reduction of avg. portfolio guarantee to **1.5%**

ACHIEVED

- **1.39%** at 1H18, **-42bps** over the plan period (20bps impact of the agreement on **Generali Leben** and the geographical optimization program)

+6p.p. capital light reserves as % of total

ACHIEVED

- **+8.4p.p.** shift to capital-light reserves (3.2p.p. impact of the agreement on **Generali Leben** and the geographical optimization program)

€150m additional net result from Asset Management in 2020

 **ON TARGET**

- **€36m** additional net result from AM in 1H18 vs. 1H16



Customer & distributor innovation

+2p.p. increase in retention

 **ON TARGET**

- **90%** of customers covered by NPS program, with NPS metrics improving
- Other programs: Mobile Hub, Distributors NPS, Digital Agent...



Strengthen the brand

+3% mature market brand preference

ACCELERATION PLANS ACTIVATED

- Innovative marketing solutions
- Important **deal with DVAG** in Germany to distribute Generali brand exclusively

Focus on: Optimization of geographical footprint

DEALS SIGNED



DATE	DEAL
Jul 2017	Start of run-off of operations in Japan
Dec 2017	Disposal of operations in Tunisia
Apr 2018	Disposal of operations in Belgium
Jul 2018	Disposal of Generali Worldwide
Jul 2018	Disposal of Generali Link

DEALS COMPLETED



DATE	DEAL
Jul 2017	Disposal of operations in Guatemala
Feb 2018	Disposal of operations in the Netherlands
Apr 2018	Disposal of operations in Panama
Apr 2018	Disposal of operations in Colombia
Jun 2018	Disposal of Generali PanEurope

Total expected cash proceeds from deals

€1.5 bn

Agreement on Generali Leben

What

- Generali entered into an agreement to sell 89.9% of Generali Leben (GEL) to Viridium
- GEL manages app. €37 bn of traditional reserves with high guaranteed rates

Why

- To rebalance the portfolio towards innovative solutions for German clients
- To reduce interest rate risk
- To improve return on risk capital

Financials

- Up to €1.9 bn expected cash-in¹
- €275 m capital gain
- German Solvency 2 ratio up by 43 p.p., Group Solvency 2 ratio up by 2.6 p.p.

What next

- Generali still #2 in Germany, market leader in innovative solutions
- Generali to retain 10.1% stake in GEL and a seat in Supervisory Board

Nearing completion of the industrial turn-around



Investor Day



SAVE THE DATE

November 21, 2018

CityLife

Milan

Agenda

II. 2018 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 2018 financials at a glance



VOLUMES

	1H17	1H18	Δ (LFL ⁽¹⁾)
Gross Written Premiums (Euro m)	33,339	35,084	+6.5%
Life (Euro m)	22,314	24,083	+8.6%
P&C (Euro m)	11,025	11,001	+2.1%
Life Net Inflows (Euro m)	5,757	5,689	-0.2%
Life Reserves (Euro bn ⁽²⁾ ⁽³⁾)	336.1	342.0	+1.8%



PROFITABILITY

Operating result (Euro m)	2,465	2,532	+2.7%
Operating RoE (%)	13.0%	12.5%	-0.5%pts
Net result (Euro m)	1,221	1,329	+8.8%
New Business Margin (% PVNBP)	4.11%	4.50%	+0.33%pts
Combined Ratio (%)	92.8%	92.0%	-0.8%pts
Combined Ratio excl. Nat Cat (%)	91.9%	90.6%	-1.3%pts



CAPITAL

Shareholders' equity (Euro m ⁽³⁾)	25,079	23,625	-5.8%
Solvency II ratio (regulatory view, % ⁽³⁾)	207%	201%	-6%pts
Solvency II ratio (internal model view, % ⁽³⁾)	230%	221%	-9%pts

(1) Constant perimeter and exchange rates

(2) Constant perimeter

(3) Comparative figures for balance sheet data refer to year end 2017

Key 1H 2018 financials at a glance – Main drivers



VOLUMES

- **GROSS WRITTEN PREMIUMS** growing in both Life and P&C. Life includes specific effect of an in force management transaction of Euro 1.2 bn in Italy
- **NET INFLOWS** remain very strong at Euro 5.7 bn, with further improving business mix: 97% of net inflows are in target segments of Unit Linked and protection



PROFITABILITY

- **OPERATING RESULT** growing year on year due to all business segments, and improving technical results in both Life and P&C
- **OPERATING ROE** at 13.4% on average over plan period, 12.5% in 1H 2018 pending re-deployment of disposal proceeds
- **NET RESULT** increases due to good operating performance and disposal gains
- **LIFE NEW BUSINESS MARGINS** further improving reflecting improved business mix, and a more favourable financial market scenario
- **P&C COMBINED RATIO** at 92.0% shows improvement of 0.8%pts, despite higher impact of natural catastrophes: Combined Ratio excluding Nat Cat improved 1.3%pts

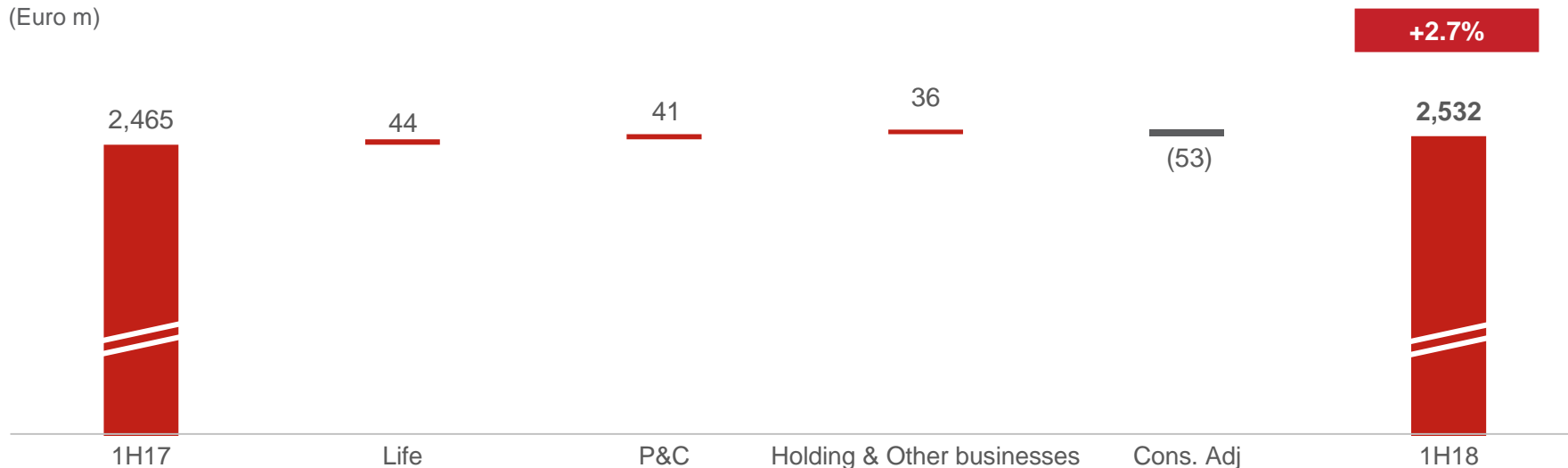


CAPITAL

- **SOLVENCY II RATIO** remains very strong, above 200% on both regulatory and internal model views, and demonstrating the ability to absorb market volatility as witnessed in the second quarter

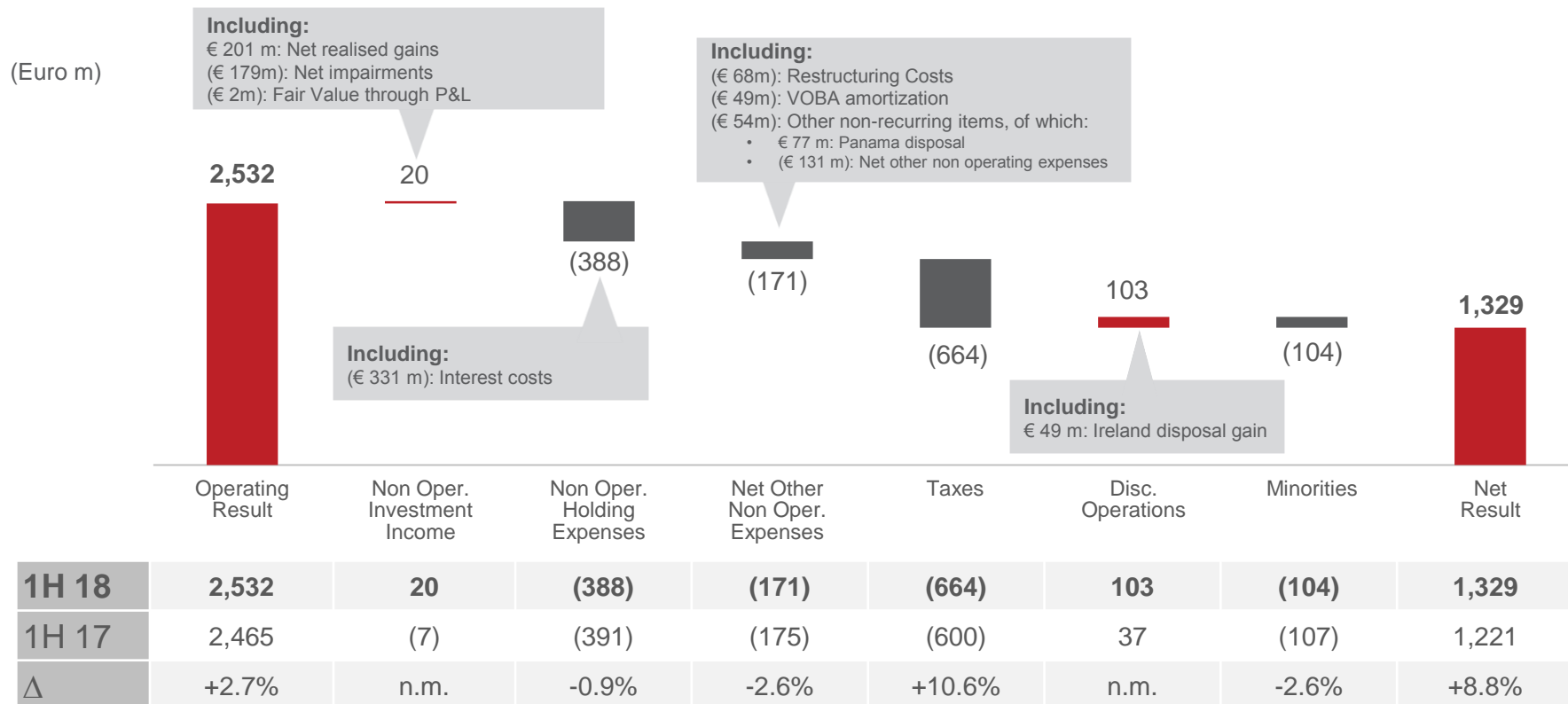
Operating result by segment

(Euro m)



1H 18	1,549	1,105	74	(196)	2,532
1H 17	1,505	1,065	39	(143)	2,465
Δ	+2.9%	+3.8%	+92.6%	+37.2%	+2.7%

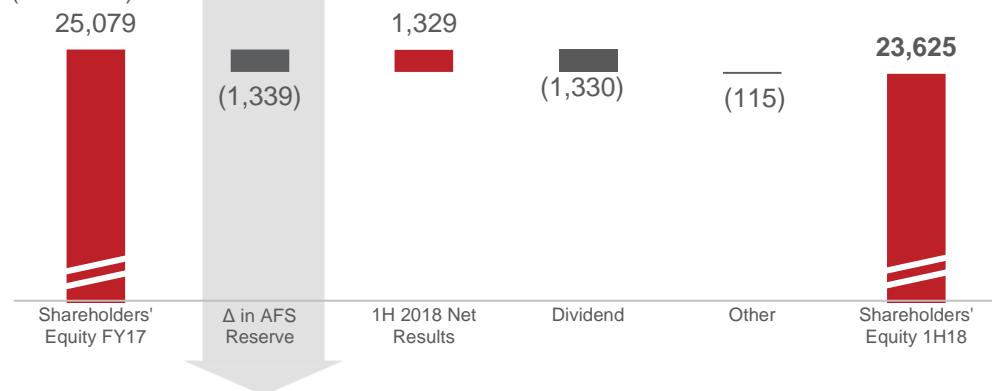
From operating result to net profit



Shareholders' equity

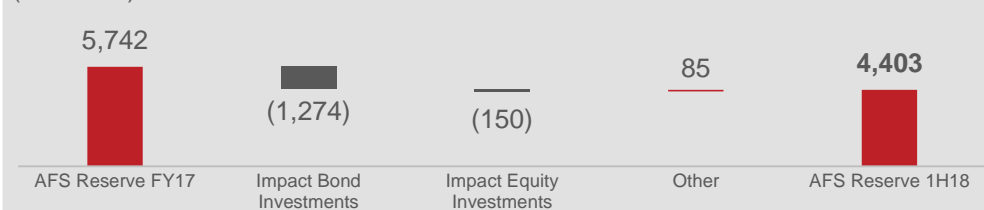
Shareholders' equity rollforward

(Euro mln)



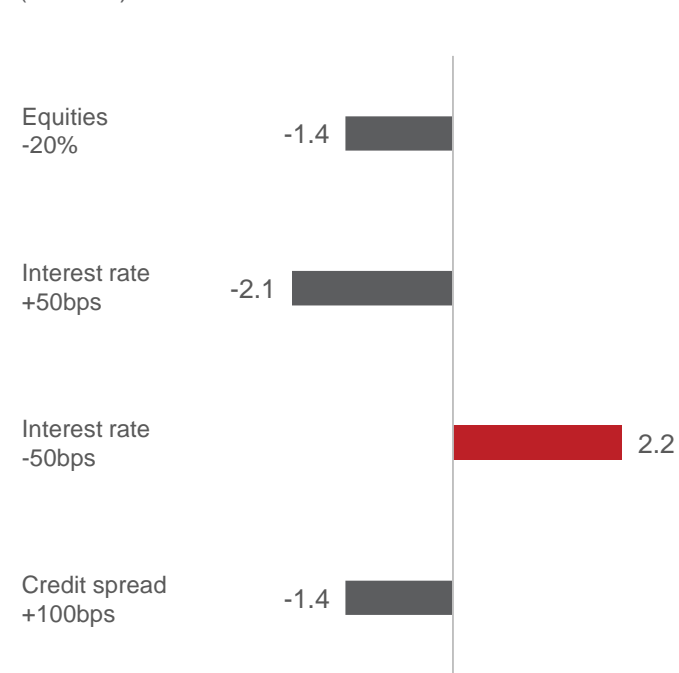
Change in AFS reserve

(Euro mln)



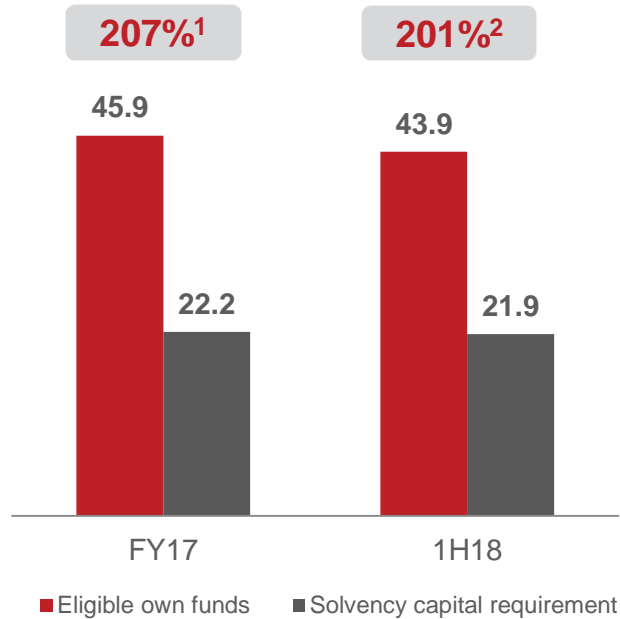
Shareholders' equity sensitivities

(Euro bn)

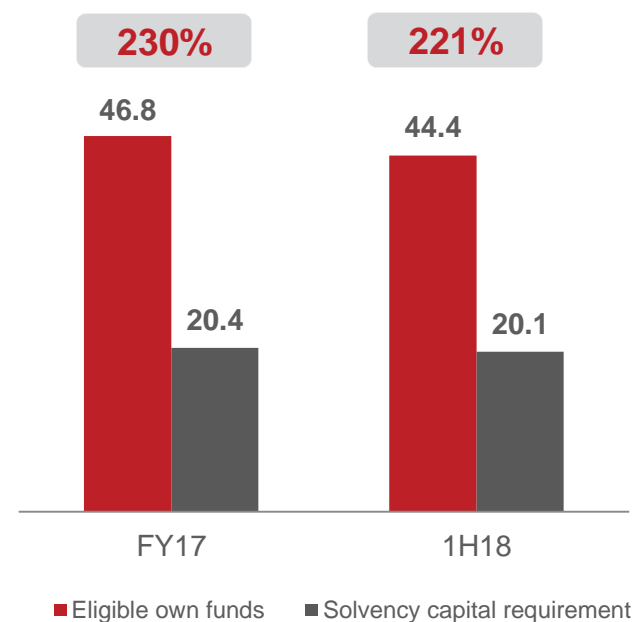


Solvency II: Regulatory view & Internal Model view

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 net of accrued dividend (€665 m)

Solvency II: Regulatory View roll forward

	Own Funds (Euro bn)	SCR (Euro bn)	Excess Own Funds ¹ (Euro bn)	Solvency II ratio (%)
FY 2017²	45.9	22.2	23.7	207%
M&A	(0.1)	(0.3)	0.2	+2%pts
Regulatory and other model changes	-	-	-	
Normalised capital generation	1.7	(0.1)	1.7	+8%pts
Variances and other movements	(2.9)	0.1	(2.9)	-14%pts
Accrued dividend	(0.7)	-	(0.7)	-3%pts
1H 2018	43.9	21.9	22.0	201%

¹ Eligible Own Funds in excess of Solvency Capital Requirement

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

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II. 2018 First Half Group Financials

Luigi Lubelli – Group CFO

Profit & Loss and Balance Sheet

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■ **Business review**

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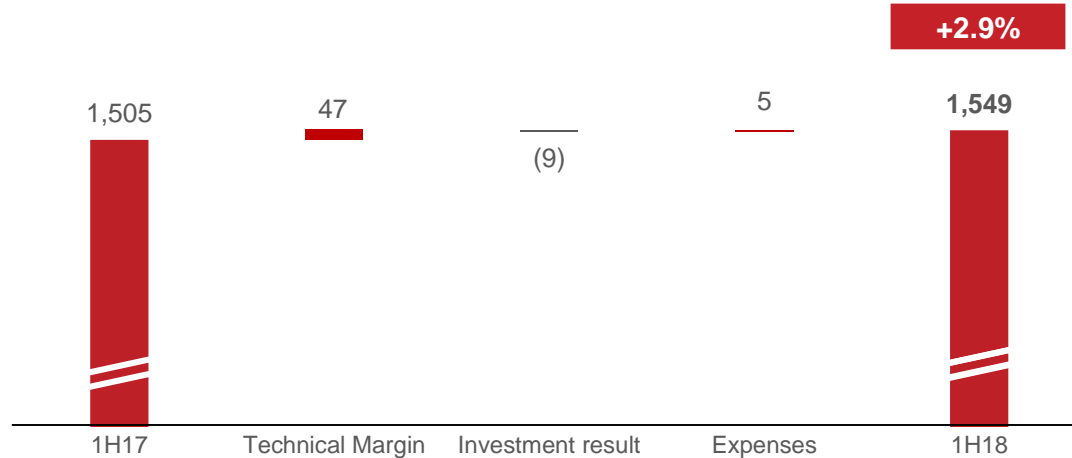
Life key financial indicators

(Euro m)

	1H17	1H18	LFL Δ
VOLUMES			
Gross written premiums	22,314	24,083	+8.6%
Net inflows	5,757	5,689	-0.2%
PVNBP	22,941	21,431	-3.9%
PROFITABILITY			
Life operating result	1,505	1,549	+2.9%
Life operating ratio on investments (bps)	42	42	0
New Business Value	942	965	+3.6%
Margin on PVNBP (%)	4.11%	4.50%	+0.33 p.p.

Life Operating result by driver

(Euro m)



- Overall improved quality of operating result, with greater share of technical margin vs. investment result
- Growth in technical margins reflecting growth of hybrid products and associated fees, and improved result in Asia
- Investment result marginally declining due to lower current income and realized gains

1H 18	2,783	976	(2,210)
1H 17	2,736	984	(2,215)
Δ %	+1.7%	-0.9%	-0.2%

Life business mix rapidly shifting (1/2)

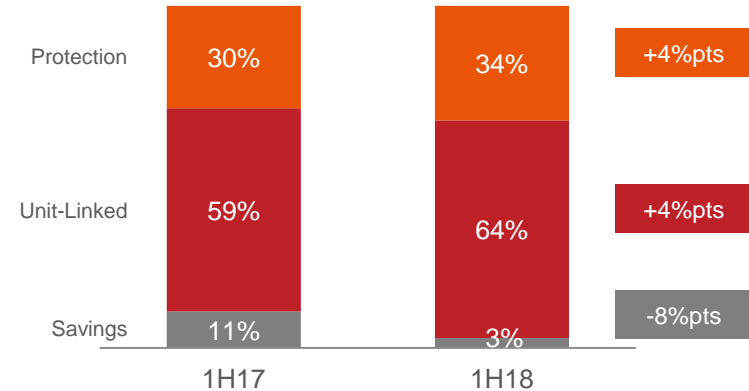
- Strong steering of business towards unit linked and protection

NET INFLOW BY COUNTRY
(Euro m)

	1H17	1H18
Italy	3,121	2,320
France	190	994
Germany	1,682	1,770
Austria, CEE & Russia	148	95
International	613	508
Group Holding	3	1
TOTAL	5,757	5,689



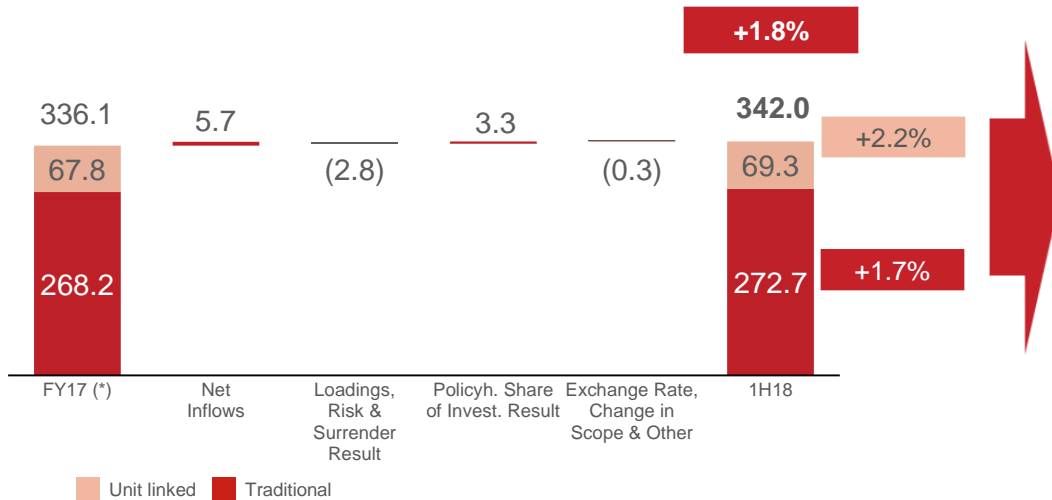
NET INFLOW MIX
(% of total)



Life business mix rapidly shifting (2/2)

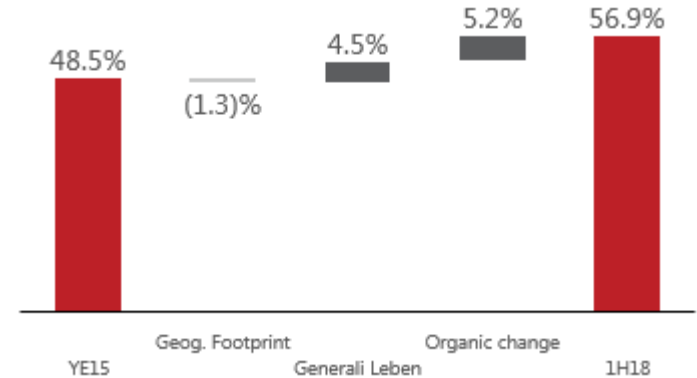
- Reserve mix continuing to improve – already surpassed 2018 target

LIFE RESERVE DEVELOPMENT (Euro bn)



(*) FY 17 figures have been restated for entities reclassified under discontinued operations

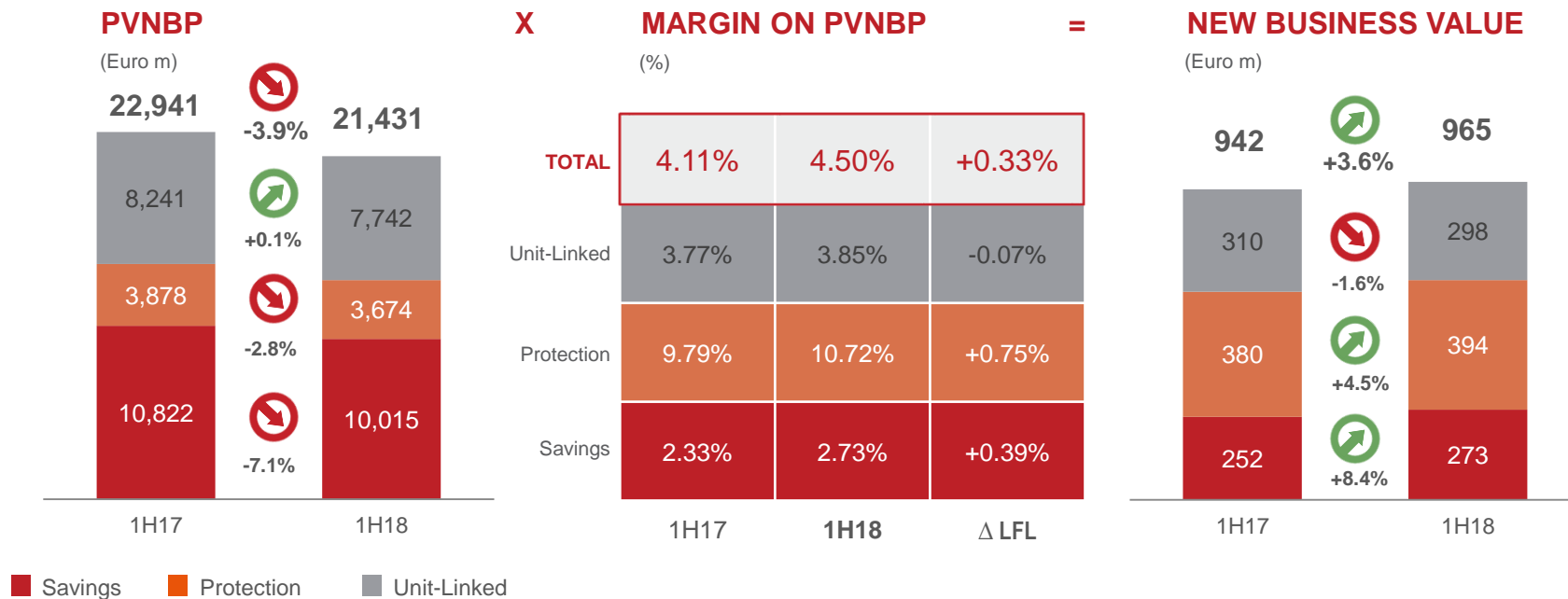
CAPITAL LIGHT¹ RESERVE MIX DEVELOPMENT OVER PLAN PERIOD (% of total)



¹ Reserves without interest rate guarantees or with guarantees equal to or lower than 0%

The percentages shown on the right are calculated on reserves net of minorities. Where appropriate they exclude certain policyholder surplus reserves (e.g. RIB, PPE) and minor German and Czech pension funds outside of the Solvency II scope

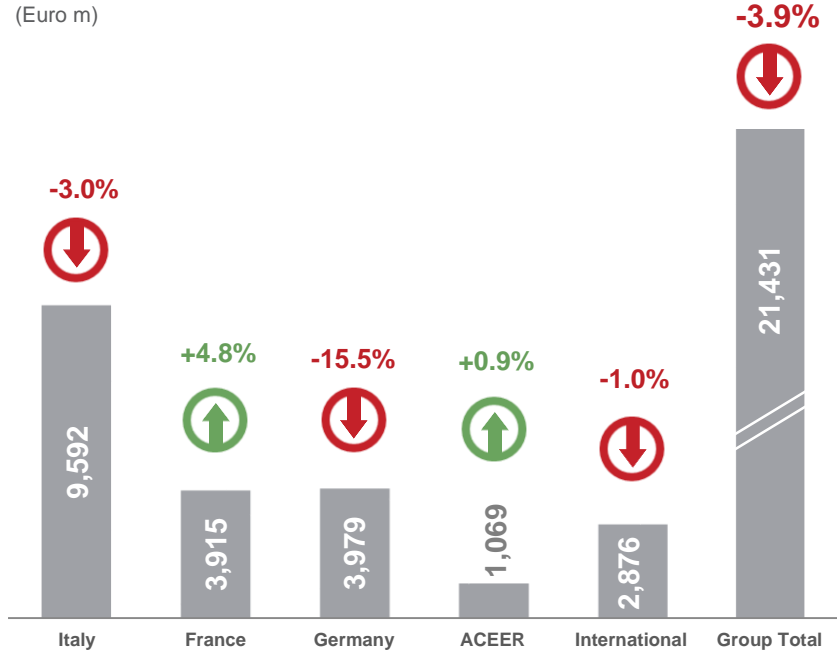
Life New Business: Analysis by line of business



Life New Business: Analysis by geographical area

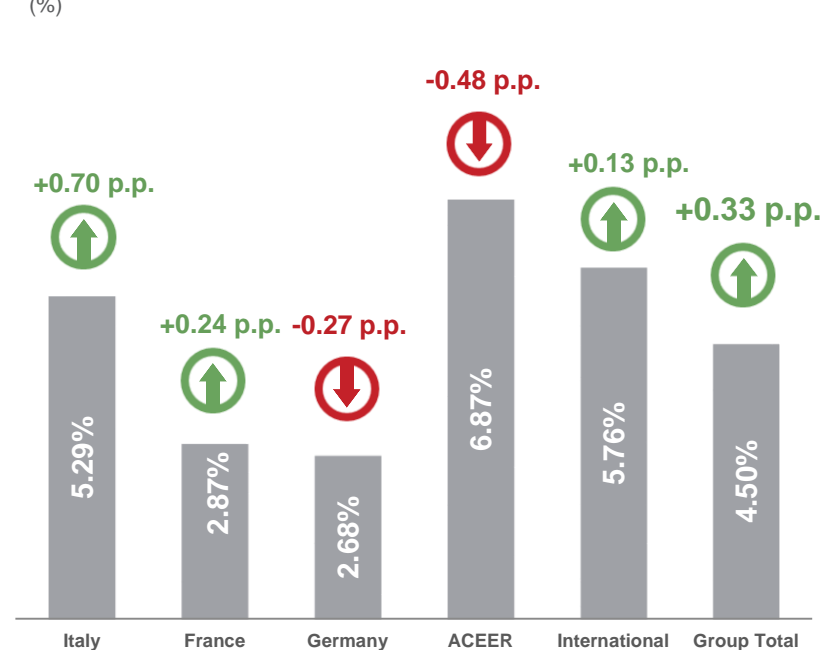
PVNB

(Euro m)



MARGIN ON PVNB

(%)

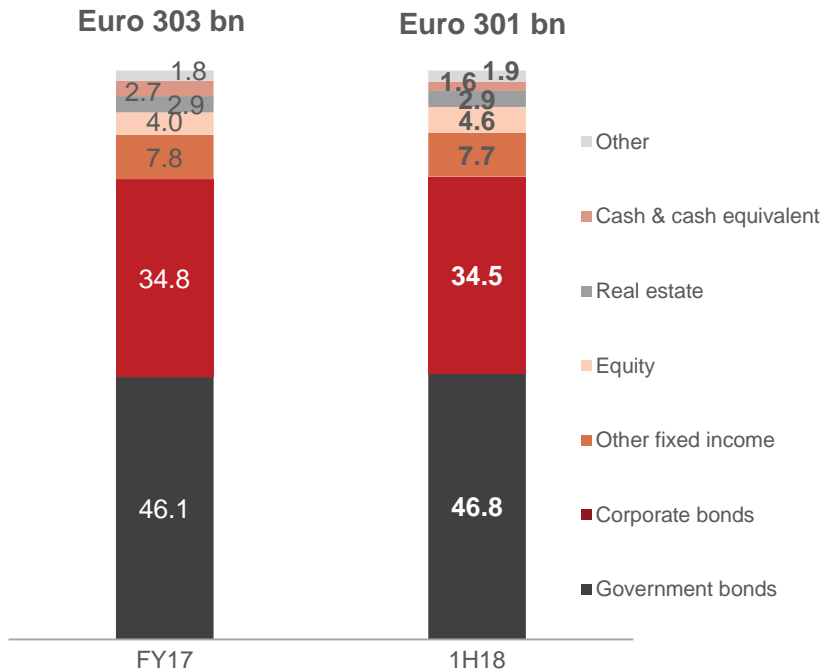


Note: the arrow represents the variation vs 1H17 numbers

Life investment breakdown and performance

Life segment general account

(%)



Current returns

		Euro m	%
Fixed income	1H17	4,192	1.6%
	1H18	4,029	1.5%
Equity	1H17	324	2.6%
	1H18	343	2.6%
Real Estate ¹	1H17	248	2.9%
	1H18	246	2.8%
Total ¹	1H17	4,843	1.6%
	1H18	4,705	1.6%

¹ Net of depreciation expenses

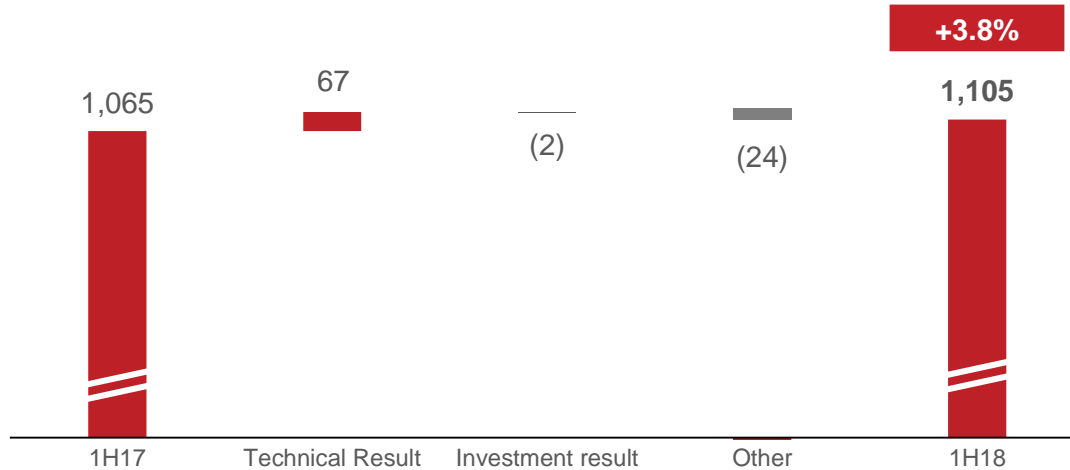
P&C key financial indicators

(Euro m)

	1H17	1H18	LFL Δ
VOLUMES			
Gross written premiums, of which:	11,025	11,001	+2.1%
Primary Motor	4,345	4,271	+2.3%
Primary Non Motor	6,263	6,287	+1.7%
PROFITABILITY			
Combined ratio (%)	92.8%	92.0%	-0.8%pts
Nat Cat impact (%)	0.9%	1.4%	+0.5%pts
P&C operating result	1,065	1,105	+3.8%

P&C Operating result by driver

(Euro m)



- Technical result strongly increased, driven by combined ratio improvement of 0.8%pts despite higher Nat Cat
- Investment result stable
- Other result includes effect of decreased service activities and higher indirect taxes

1H 18	701	507	(103)
1H 17	634	509	(78)
Δ %	+10.6%	-0.5%	+31.1%

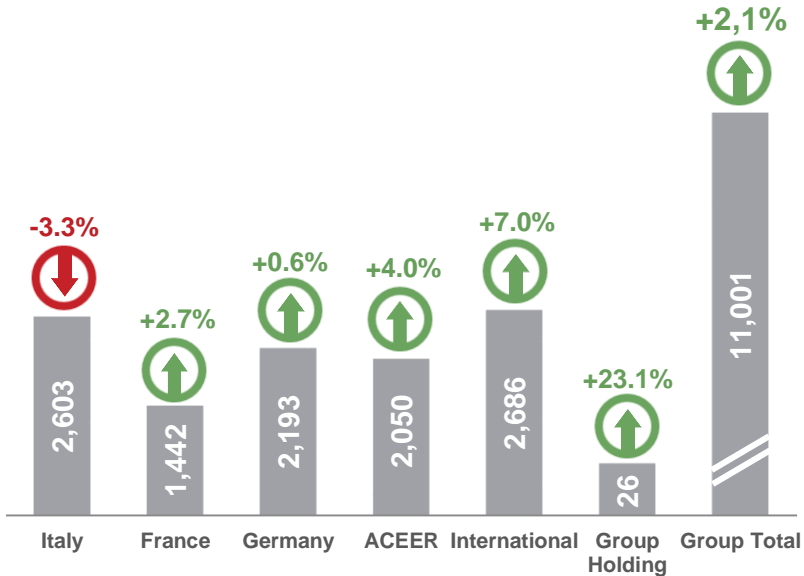
P&C gross written premiums and combined ratio by country

GROSS WRITTEN PREMIUMS

(Euro m)

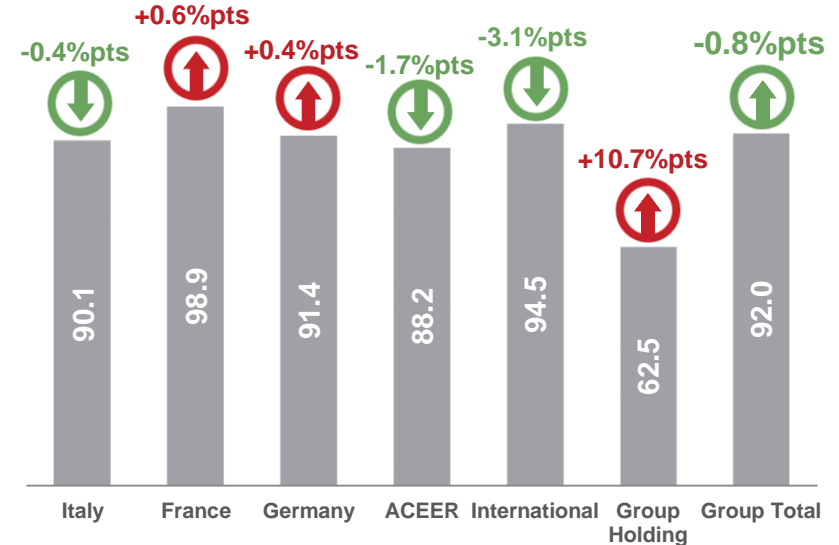
Total variation due to:

Primary Motor	+2.3%
Primary Non-Motor	+1.7%



COMBINED RATIO

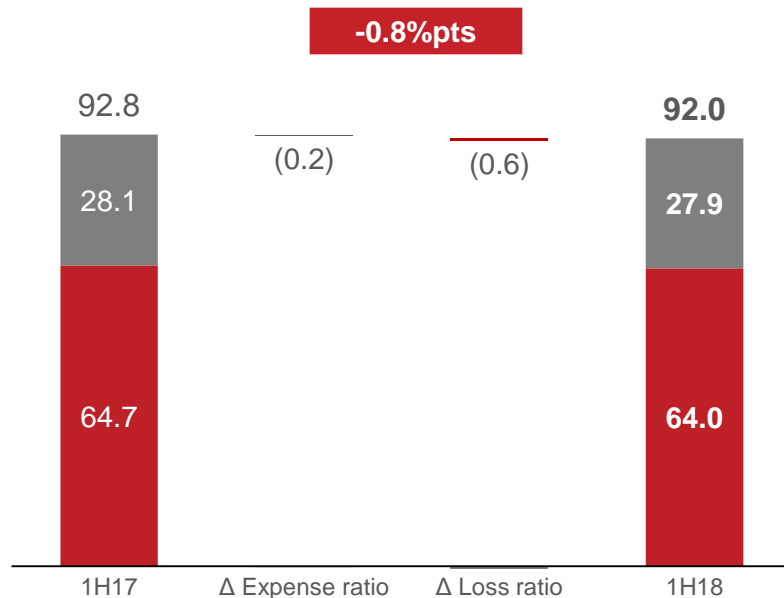
(%)



Note: the arrow represents the variation vs 1H17 numbers

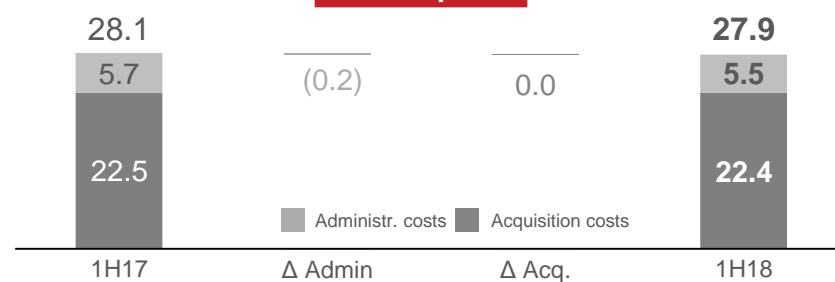
Combined ratio analysis

Combined ratio (%)



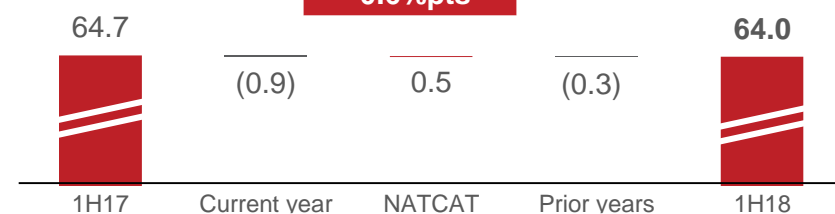
■ Expense ratio ■ Loss ratio

Expense ratio (%)



■ Administr. costs ■ Acquisition costs

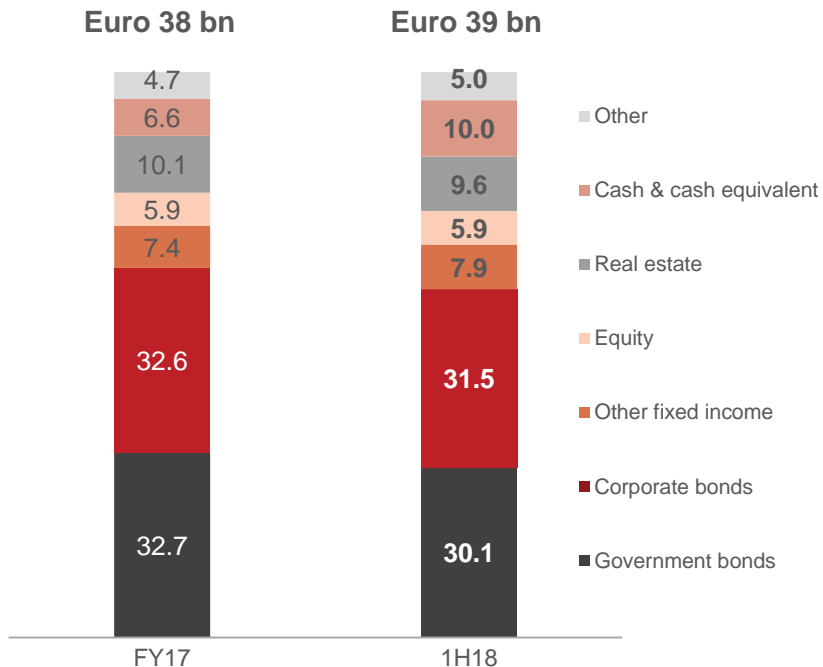
Loss ratio (%)



1H 18	67.4%	1.4%	-4.8%	64.0%
1H 17	68.3%	0.9%	-4.6%	64.7%

P&C investment breakdown and performance

P&C segment general account (%)



Current returns

		Euro m	%
Fixed income	1H17	380	1.4%
	1H18	354	1.3%
Equity	1H17	69	2.6%
	1H18	81	3.3%
Real Estate ¹	1H17	110	2.9%
	1H18	105	2.8%
Total ¹	1H17	611	1.6%
	1H18	622	1.6%

¹ Net of depreciation expenses

Holding & Other businesses segment

(Euro m)

	1H17	1H18	△ %
Financial and Other Businesses	269	308	+14.4%
<i>of which Asset Management Europe</i>	89	136	+53.6%
<i>of which Banca Generali¹</i>	131	121	-7.0%
<i>of which other businesses²</i>	50	50	+0.9%
Operating holding expenses	(230)	(233)	+1.3%
Total	39	74	+92.6%

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

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

Focus on Asset Management

(Euro)	Asset Management Europe			Total Asset Management		
	1H17	1H18	△ %	1H17	1H18	△ %
AuM ¹	439 bn	445 bn	+1%	453 bn	462 bn	+2%
Operating result	89 m	136 m	+53%	109 m	159 m	+45%
Net result	57 m	88 m	+56%	74 m	108 m	+45%
Cost / Income ratio ²	63%	54%	-9%pts	60%	51%	-9%pts

¹ AUM including investments from Discontinued Operations (Book Value € 55.7bn)

² Including non-operating expenses

Note: Net Result including net income attributable to non-controlling interests; Guotai net income contribution evaluated through Generali Equity ownership

Total Asset Management scope including also Generali Investment Asia, Generali China Asset Management Company and Guotai. AuM pro-quota for partnership in Asia

Final remarks

Continued profit growth

Excellent technical performance

Robust capital position, easily able to absorb 2Q volatility

Fully on track to meet 2015-2018 plan targets

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III. Backup

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Financial debt

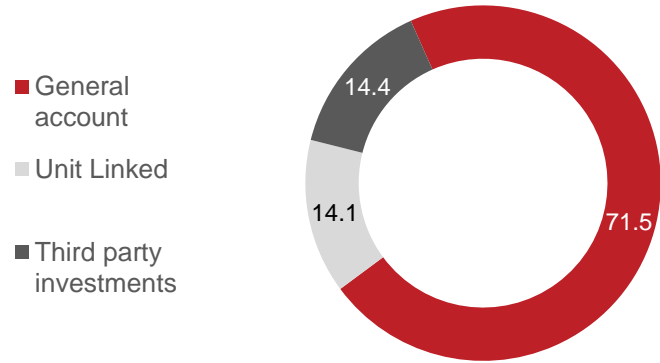
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Solvency 2

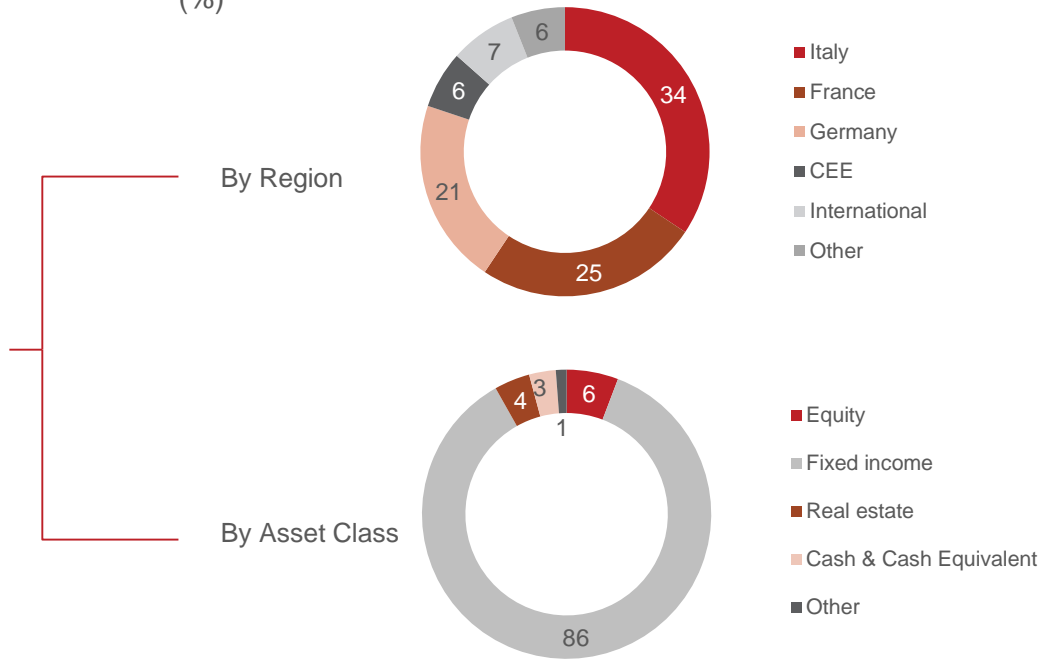
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Assets under management

Total Portfolio: Euro 490 bn
(%)

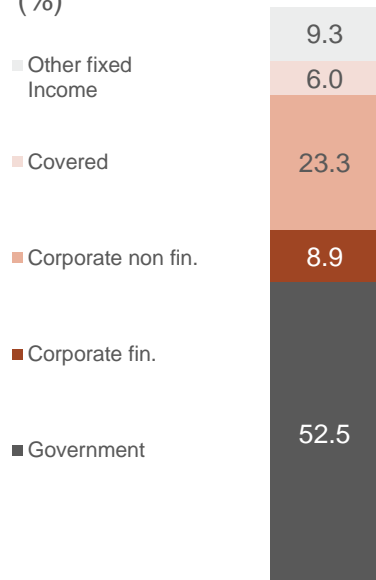


Breakdown by region and asset class of General account assets
(%)

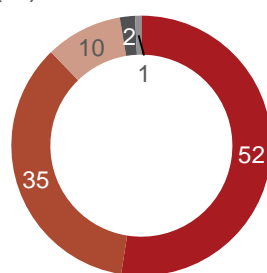


Fixed Income Portfolio

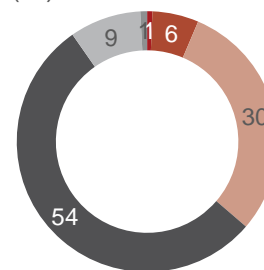
Total Portfolio
Euro 302 bn
(%)



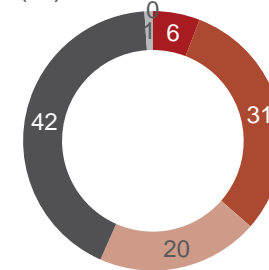
Covered
Euro 18 bn
(%)



Corporate
Euro 97 bn
(%)



Government
Euro 158 bn¹
(%)



■ AAA ■ AA ■ A ■ BBB ■ Not Investment Grade ■ Not Rated

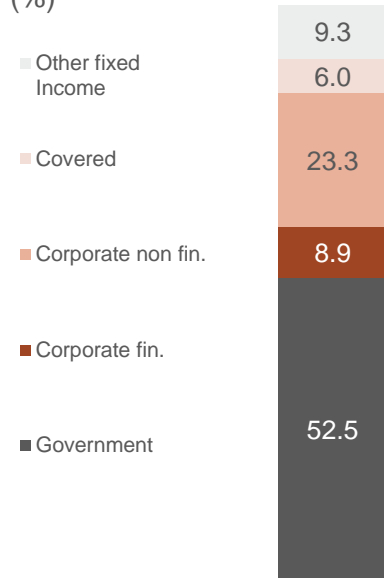
Bond duration	FY17	1H18
Life	8.8	8.8
P&C	5.5	5.8
Life duration Gap ²	FY17	1H18
	0.1	0.2

¹ Italian government bond exposure is 89% of BBB

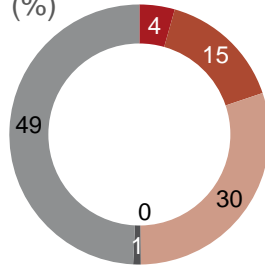
² Duration gap = duration of fixed income assets – duration of liabilities x (Best estimate liabilities/Market Value of fixed income assets)

Fixed Income Portfolio by country

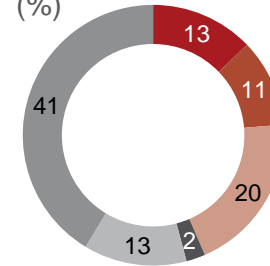
Total Portfolio
Euro 302 bn
(%)



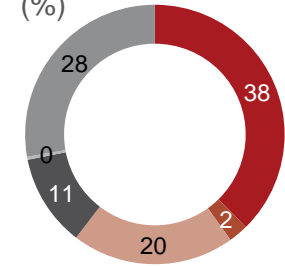
Covered
Euro 18 bn
(%)



Corporate
Euro 97 bn
(%)



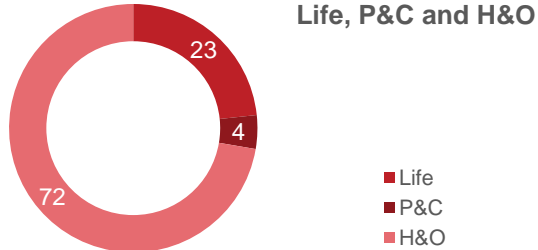
Government
Euro 158 bn
(%)



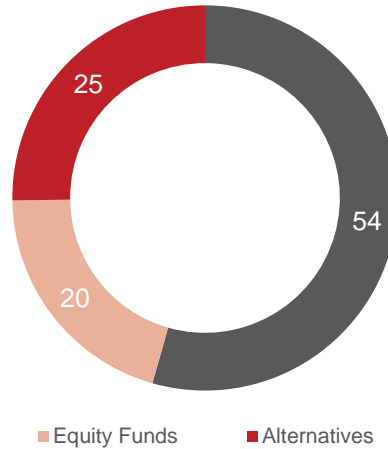
■ Italy ■ Germany ■ France ■ CEE ■ USA ■ Other

Equity & Equity-like

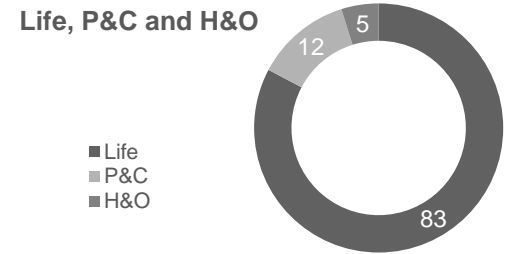
Alternative funds: Euro 5 bn
(%)



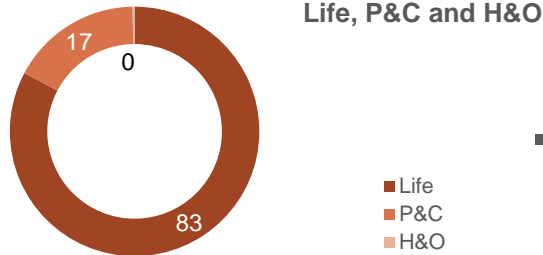
Total Portfolio: Euro 20 bn
(%)



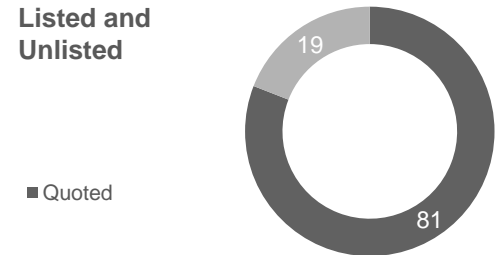
Equity: Euro 11 bn
(%)



Equity funds: Euro 4 bn
(%)



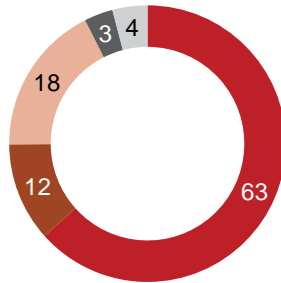
Listed and Unlisted



Asset Allocation: Real Estate⁽¹⁾

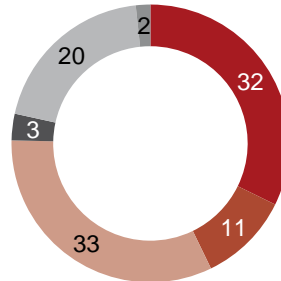
Total Portfolio: Euro 24 bn¹

Breakdown by use²
(%)



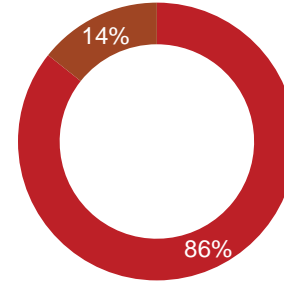
- Office
- Residential
- Retail
- Logistic
- Other/Mixed

Breakdown by country²
(%)



- Italy
- Germany
- France
- CEE
- RoE
- RoW

Breakdown by utilization²
(%)



- Investment properties
- Own use

¹ Data, at fair value, includes investment properties, own use assets, properties inventory and Real Estate indirect investment

² Detail referred to direct investments in real estate and own-used assets only

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- **Financial debt**

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Solvency 2

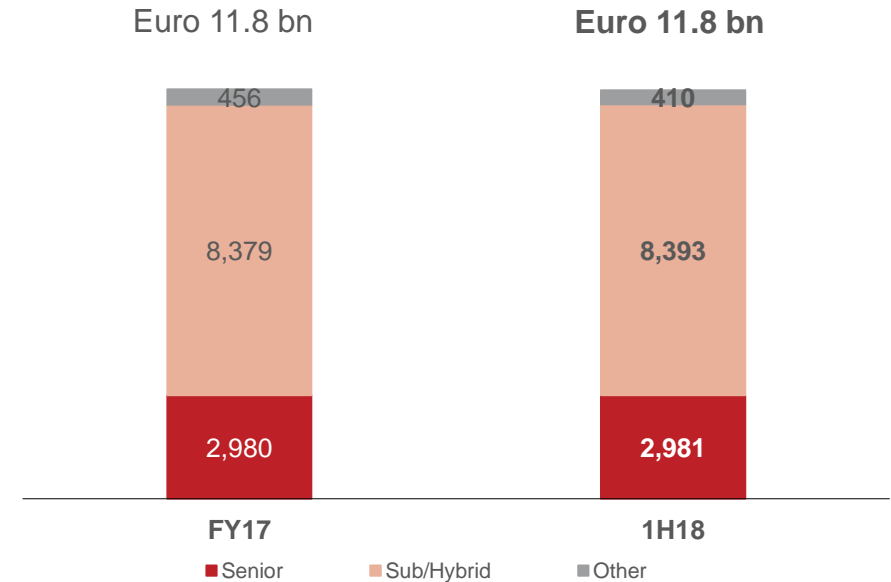
page **47**

Focus on financial debt

Average cost & maturity of financial debt (%)

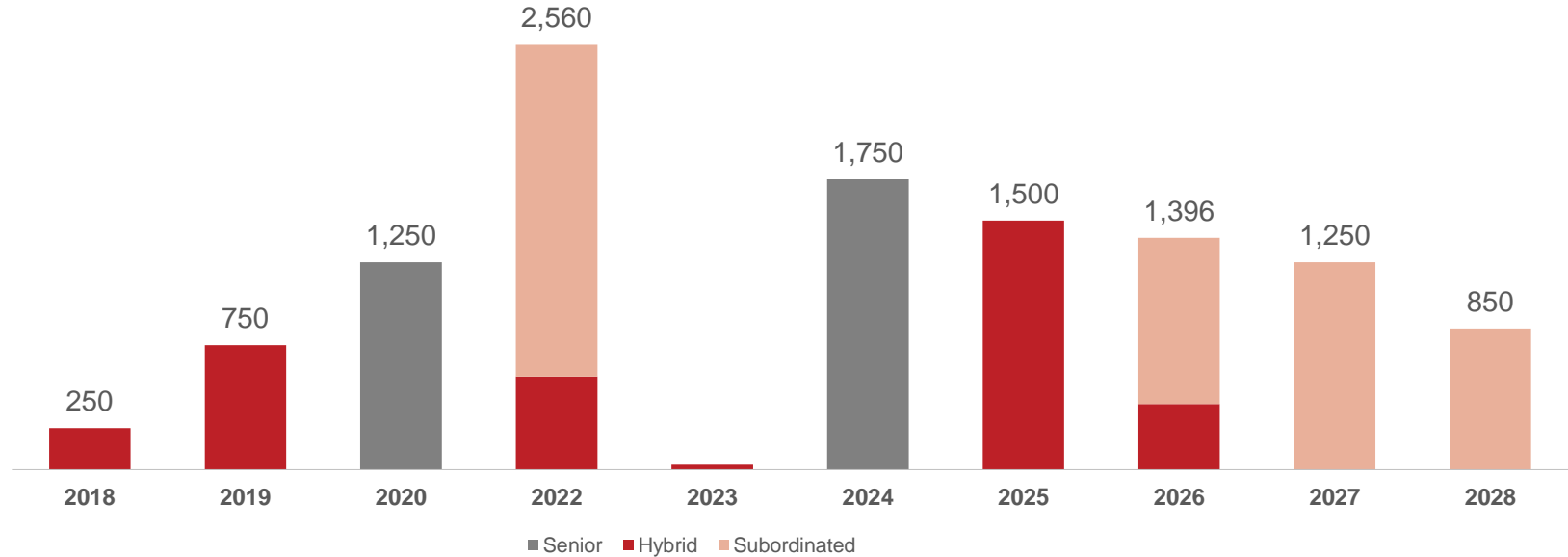
	FY17	1H18
Average cost (%)	5.71%	5.70%
Subordinated/Hybrid	6.22%	6.22%
Senior	4.19%	4.19%
Average maturity (years)	6.22	5.73

Total financial debt (Euro bn)



Financial debt breakdown by expiry date/call date

(Euro m)



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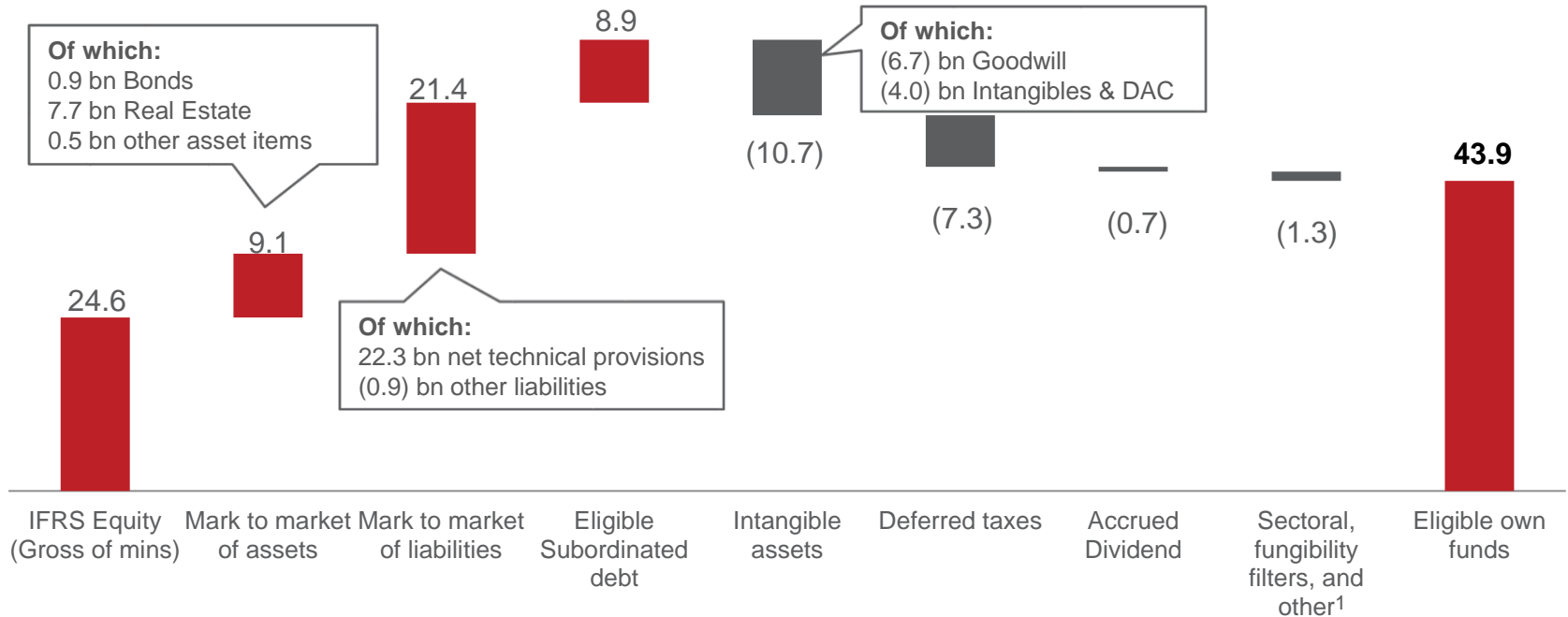
• **Solvency 2**

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Reconciliation of IFRS equity to Solvency II Eligible Own Funds

Solvency II Eligible own funds

(1H18, Euro bn, Regulatory view)



¹ Including Unrealised gains on French pension business under IORP transitional measures

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.

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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.

Next Events

8 November 2018
9M 2018 results reporting

21 November 2018
Investor Day



2018

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Thank you



GENERALI GROUP

2018 First Half Results