

# UNIPOL – UNIPOLSAI PRESENTATION



Bologna, 8 February 2019

# NOTICE

This document has been prepared by Unipol Gruppo S.p.A. and by UnipolSai Assicurazioni S.p.A. solely for information purposes in the context of the presentation of its FY18 preliminary results.

The content of this document does not constitute a recommendation in relation to any financial instruments issued by the Company or by other companies of the Group, nor it constitutes or forms part of any offer or invitation to sell, or any solicitation to purchase any financial instruments issued by the Company or by other companies of the Group, nor it may be relied upon for any investment decision by its addressees.

The FY18 data contained herein are preliminary in nature and refer to the date hereof and, therefore, may be subject to further variations.

Please note that these preliminary data are subject to review by the Independent Auditors that still have to complete their necessary analysis in order to release their report.

The FY18 final results will be approved by the Board of Directors scheduled on 14 March 2019 and will be disclosed to the market according to, and in the terms set forth by, the applicable laws and regulations.

Unless otherwise specified all the figures reported in this presentation are on a consolidated basis.



# FY18 PRELIMINARY CONSOLIDATED RESULTS

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## 2016-2018 TARGETS ACHIEVED

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## SALE OF UNIPOL BANCA AND NPL DEAL

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## APPENDIX

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## KEY MESSAGES

Growth in 2018 results confirming the Group's improving profitability

Dividends confirmed in line with previous year

2016-2018 strategic plan targets achieved

Repositioning of core insurance business completed

Sale of Unipol Banca approved and strategic partnership with BPER strengthened



**FY18 PRELIMINARY  
CONSOLIDATED  
RESULTS**

# NOTICE

The bases of consolidation of Unipol and UnipolSai in FY18 were slightly different compared to FY17, namely:

- Popolare Vita was part of Unipol and UnipolSai until 1Q18 only;
- UniSalute and Linear, which were directly controlled by Unipol until 9M17, were included in UnipolSai perimeter in FY18;
- Arca Vita, which was directly controlled by Unipol until 1H18, was included in UnipolSai perimeter starting from 3Q18.

For a more useful comparison of the figures in this presentation:

- the normalised figures have been adjusted to exclude the impact of the extraordinary operations;
- the adjusted figures are normalised figures recalculated to reflect also the current perimeter.



# CONSOLIDATED RESULTS

€m

	UNIPOL				UNIPOLSAI				
	FY17 reclassified <sup>a</sup>	FY18	FY17 adjusted	FY18	FY17 actual	FY18	FY17 adjusted	FY18	
Consolidated pre-tax result <sup>a</sup>	-179	886	824	903	Consolidated pre-tax result	760	1,203	933	969
<i>Non-Life</i>	687	730	687	727	<i>Non-Life</i>	501	676	693	733
<i>Life</i>	328	621	248	299	<i>Life</i>	286	593	268	302
<i>Banking</i> <sup>a</sup>	-987	-299	16	43	<i>Other</i>	-27	-66	-28	-66
<i>Holding and other</i>	-207	-166	-127	-166	<b>Consolidated net result</b>	<b>537</b>	<b>948</b>	<b>690</b>	<b>703</b>
<b>Consolidated net result</b>	<b>-169</b>	<b>628</b>	<b>598</b>	<b>645</b>	<b>Group net result</b>	<b>504</b>	<b>905</b>	<b>664</b>	<b>657</b>
<b>Group net result</b>	<b>-346</b>	<b>401</b>	<b>409</b>	<b>472</b>					

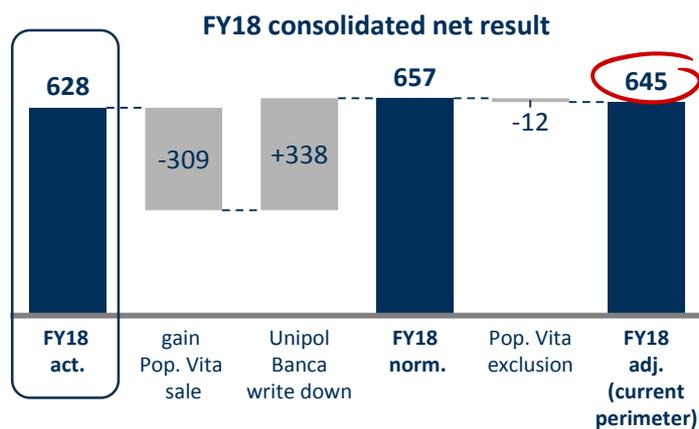
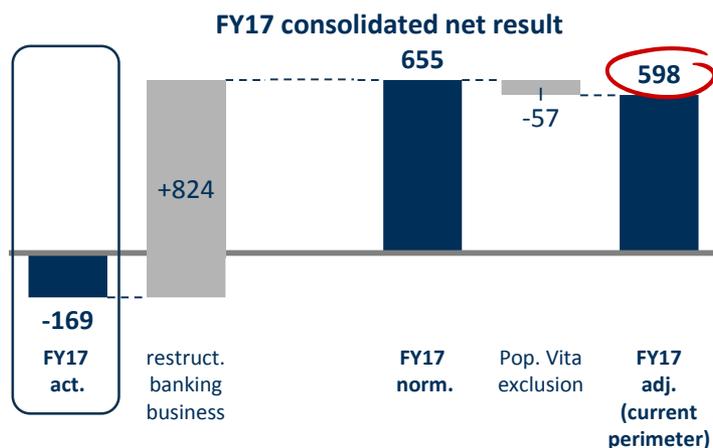
FY17 and FY18 results were impacted by changes in the perimeter and extraordinary items detailed in the next slide

<sup>a</sup> In accordance with IFRS 5, "discontinued operations" are reported as a single item ("Profit and loss from discontinued operations") in the statement of profit and loss, net of taxes. However, in these tables, for comparative purposes we have included the impact of the banking business currently in the process of being sold within the pre-tax consolidated figures.

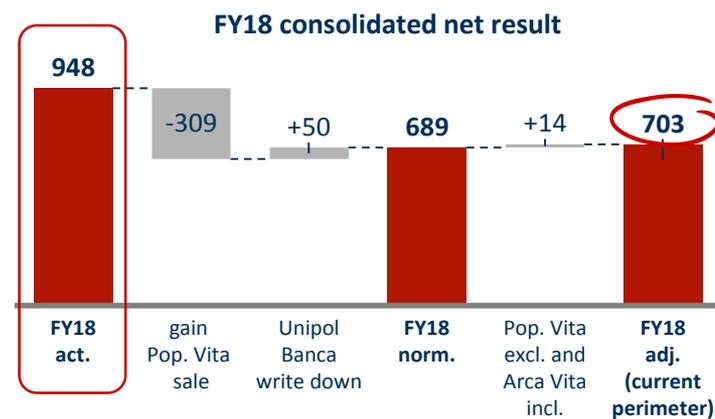
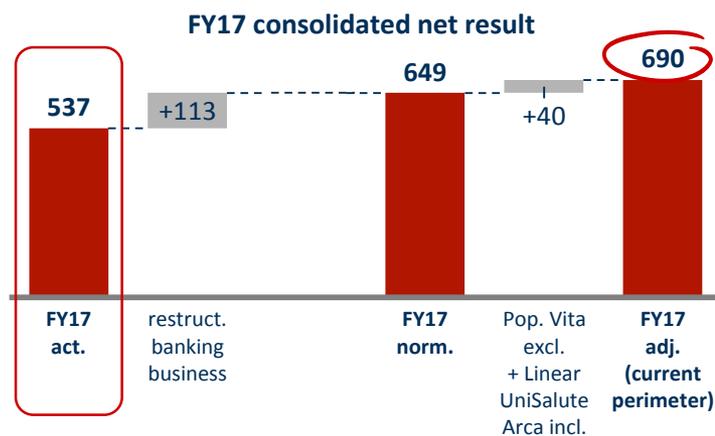
# ACTUAL AND ADJUSTED CONSOLIDATED RESULTS

€m

## UNIPOL



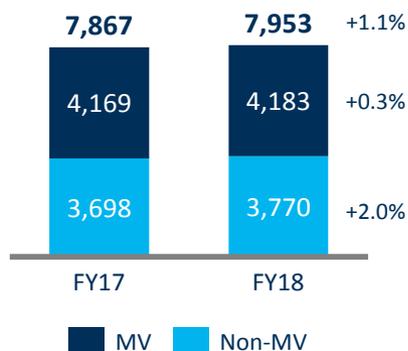
## UNIPOLSAI



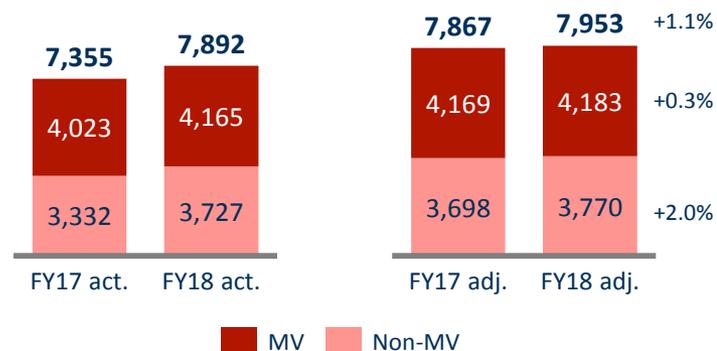
## NON-LIFE DIRECT PREMIUM INCOME

€m

## UNIPOL



## UNIPOLSAI



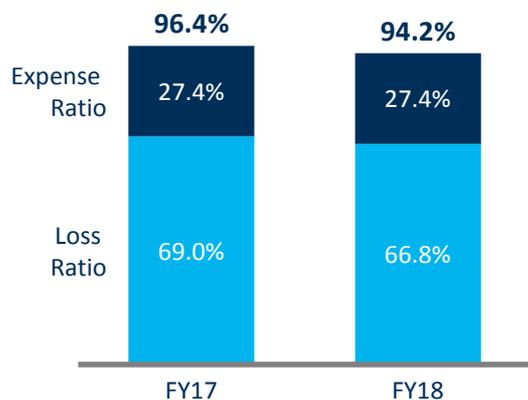
Premiums by company	FY17	FY18	var. %
UnipolSai S.p.A.	6,901	6,898	--
UniSalute	371	410	+10.5%
Linear	172	180	+4.4%
Incontra	107	136	+27.1%
Arca Assicurazioni	110	120	+9.2%
Other companies	205	209	+1.8%
<b>Total premium income</b>	<b>7,867</b>	<b>7,953</b>	<b>+1.1%</b>

FY18 adj. premiums breakdown	
Motor Vehicles	52%
Accident and Health	17%
Property	15%
General TPL	9%
Other	7%

UnipolSai acquired UniSalute and Linear in 4Q17 and Arca in 3Q18.  
Adjusted figures include UniSalute, Linear and Arca in both FY17 and FY18.  
Operating figures

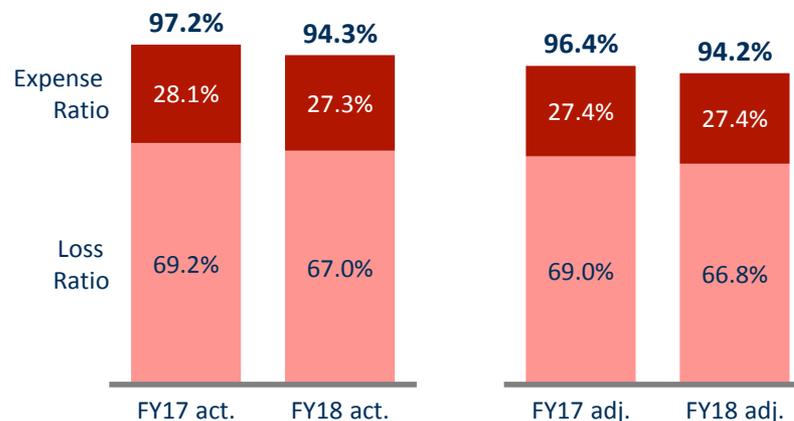
# NON-LIFE COMBINED RATIO NET OF REINSURANCE

## UNIPOL



Combined ratio direct business	FY17	FY18
	95.1%	94.4%

## UNIPOLSAI



Combined ratio direct business	FY17 act.	FY18 act.	FY17 adj.	FY18 adj.
	95.9%	94.6%	95.1%	94.4%

UnipolSai acquired UniSalute and Linear in 4Q17 and Arca in 3Q18.

Adjusted figures include UniSalute, Linear and Arca in both FY17 and FY18.

Combined ratio net of reinsurance: operating expenses/earned premiums after reinsurance+claims charges/earned premiums after reinsurance

# UNIPOLSAI S.P.A. – MV TPL TECHNICAL INDICATORS DIRECT BUSINESS

## UNIPOLSAI S.p.A.

MV TPL Combined Ratio	FY17	FY18
Direct Business	97.7%	95.4%
<i>Expense ratio<sup>a</sup></i>	22.7%	21.8%
<i>commissions/premiums</i>	13.6%	12.8%
<i>other operating expenses/premiums</i>	9.1%	9.0%
<i>Loss ratio<sup>b</sup></i>	75.1%	73.7%

**No. of black boxes 3.8 million (41% of the retail portfolio)**

Other MV TPL indicators	Var. vs FY17
Total portfolio policies	+0.1%
<i>Retail (95% of tot ptf)</i>	-0.1%
<i>Fleets (5% of tot ptf)</i>	+3.4%
Portfolio average premium	-1.6%
No. of claims reported (followed-up managed claims)	-5.0%
Frequency	-0.23pp

<sup>a</sup> Operating expenses / written premiums from direct business (before reinsurance)

<sup>b</sup> Claims charges / earned premiums from direct business (before reinsurance)

Operating figures

# FOCUS ON UNISALUTE, LINEAR, INCONTRA, ARCA

€m

## UNISALUTE

	<b>FY18</b>
Premium income	410
CoR direct business	90.4%
<i>Expense ratio</i>	11.4%
<i>Loss ratio</i>	79.0%
<b>IAS net result</b>	<b>40.3</b>

## LINEAR

	<b>FY18</b>
Premium income	180
CoR direct business	96.7%
<i>Expense ratio</i>	19.8%
<i>Loss ratio</i>	76.9%
<b>IAS net result</b>	<b>9.4</b>

## INCONTRA

	<b>FY18</b>
Premium income	136
CoR direct business	53.7%
<i>Expense ratio</i>	40.9%
<i>Loss ratio</i>	12.8%
<b>IAS net result</b>	<b>6.8</b>

## ARCA ASSICURAZIONI

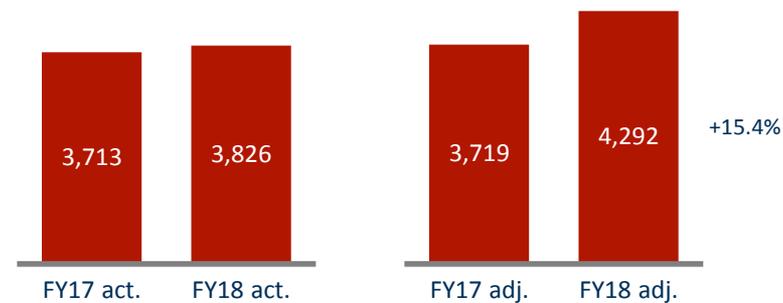
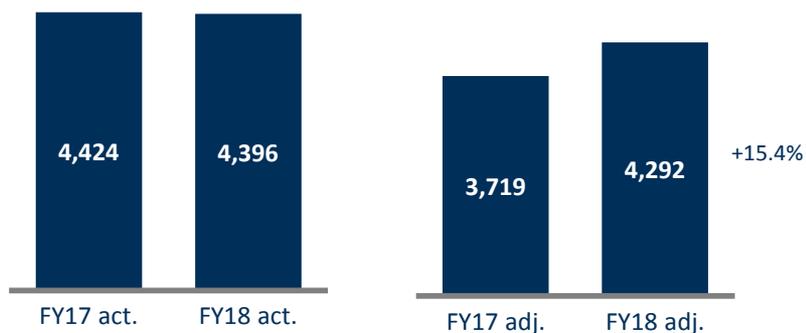
	<b>FY18</b>
Premium income	120
CoR direct business	70.3%
<i>Expense ratio</i>	36.6%
<i>Loss ratio</i>	33.8%
<b>IAS net result</b>	<b>29.8</b>

# LIFE DIRECT INCOME

€m

## UNIPOL

## UNIPOLSAI



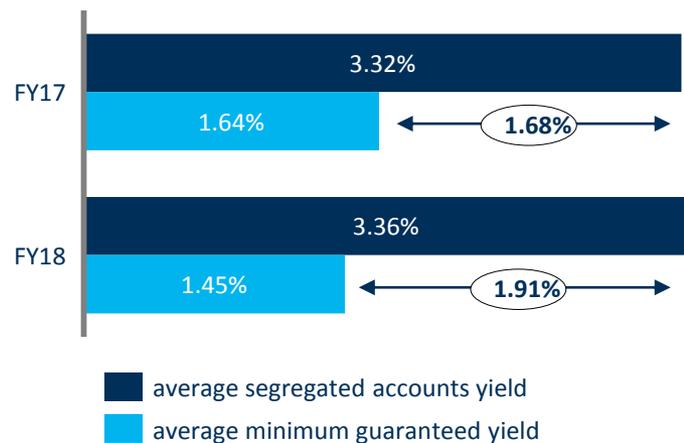
Premiums by company	FY17	FY18	var. %
UnipolSai S.p.A.	2,892	3,129	+8.2%
Arca Vita + AVI	711	1,077	+51.4%
Other companies	115	86	-25.5%
<b>Total premium income</b>	<b>3,719</b>	<b>4,292</b>	<b>+15.4%</b>



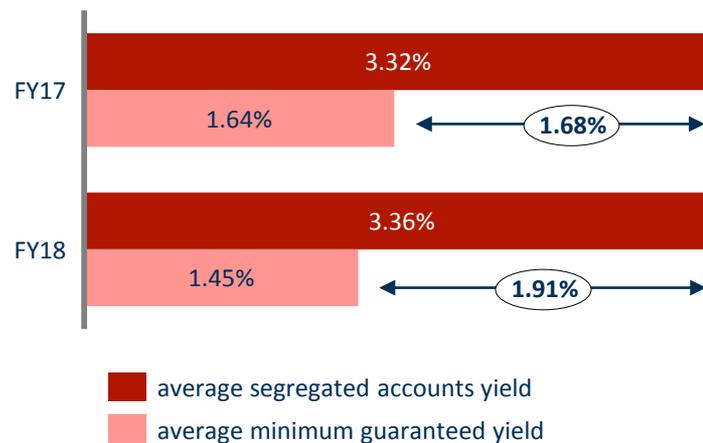
FY18 adj. premiums breakdown	
Traditional	64%
Unit linked	12%
Pension funds	15%
Capitalization	9%

# LIFE SEGREGATED ACCOUNTS AND MINIMUM GUARANTEED YIELDS

## UNIPOL



## UNIPOLSAI



Technical Reserves <sup>a</sup>	FY17	FY18
Min. guar. yield		
0%-1%	36%	45%
1%-2%	35%	29%
2%-3%	21%	19%
>3%	8%	7%

Figures include Arca and exclude Popolare Vita for all FY17 and FY18.

<sup>a</sup> Class 1 and class 5 technical reserves.  
Operating figures

## BANKING BUSINESS KPIs

€m

	1Q18	FY18		FY17 act.	FY17 adj.	FY18 act.
Direct deposits	11,064	10,084				
Indirect deposits	50,937	48,552				
Net loans <sup>a</sup>	6,956	6,983				
<b>Unipol CET1 ratio (fully loaded)</b>		<b>30.5%</b>				
			<b>Gross operating income</b>	348	340 <sup>a</sup>	<b>373</b>
			<i>o/w interest income</i>	203	203 <sup>a</sup>	206
			<i>o/w non-interest income</i>	145	138 <sup>a</sup>	167
			<b>Pre-tax result</b>	-987 <sup>c</sup>	16 <sup>b, c</sup>	<b>43</b>
			<b>Net result</b>	-747	16 <sup>b</sup>	<b>33</b>

incl. -11 €m of contribution to the national banking funds <sup>d</sup>

NPEs	1Q18			FY18		
	net loans	gross loans	coverage ratio	net loans	gross loans	coverage ratio
Bad loans ( <i>Sofferenze</i> )	26	116	77%	27	96	72%
Unlikely to pay	392	710	45%	341	634	46%
Past due	75	89	16%	37	44	17%
<b>Total NPEs</b>	<b>494</b>	<b>915</b>	<b>46%</b>	<b>405</b>	<b>774 <sup>e</sup></b>	<b>48%</b>

Cost of risk  
74bps

The "Banking Business" is comprised of Unipol Banca and Finitalia – Operating figures.

For a more useful comparison the FY18 balance sheet figures have been compared with the 1Q18 figures following the spin-off of UnipolReC.

<sup>a</sup> Like-for-like figures.

<sup>b</sup> Excluding the impact of the restructuring of the banking business.

<sup>c</sup> Including 8 €m of contribution to national banking funds (FNR and FITD)

<sup>d</sup> FNR (Fondo Nazionale di Risoluzione) and FITD (Fondo Interbancario di Tutela Depositi)

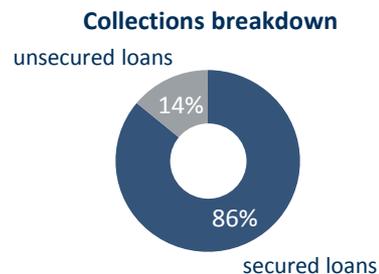
<sup>e</sup> Total gross loans to customers (Unipol Banca consolidated) net of financial assets measured at amortized cost equal to €8.1bn

# NPE BUSINESS – UNIPOL REC

€m

NPEs TREND	1 Feb 18 <sup>a</sup>			FY18		
	net loans	gross loans	coverage ratio	net loans	gross loans	coverage ratio
Bad loans ( <i>Sofferenze</i> )	553	2,900	81%	490	2,590	81%
Unlikely to pay	0	0		0	0	
Past due	0	0		0	0	
<b>Total NPEs</b>	<b>553</b>	<b>2,900</b>	<b>81%</b>	<b>490</b>	<b>2,590</b>	<b>81%</b>

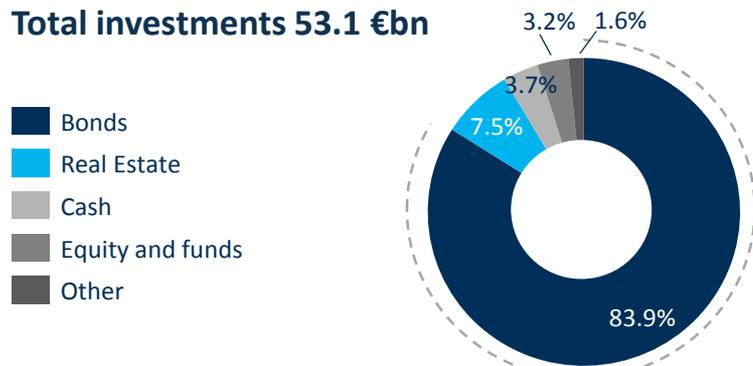
NPEs highlights (1 Feb–31 Dec)	Collections /GBV
Bad loans (GBV reduction)	311
Collections	95 <b>31%</b>



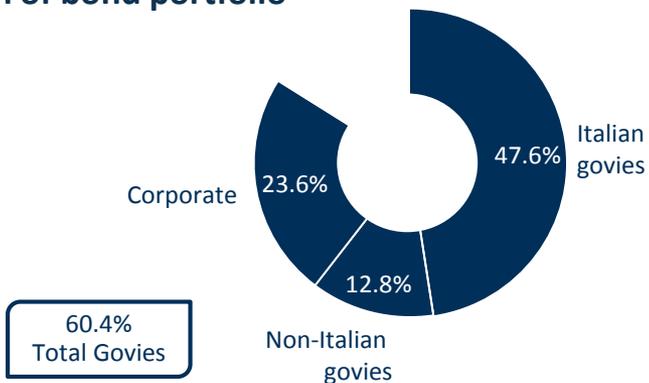
# ASSET ALLOCATION

## UNIPOL

Total investments 53.1 €bn

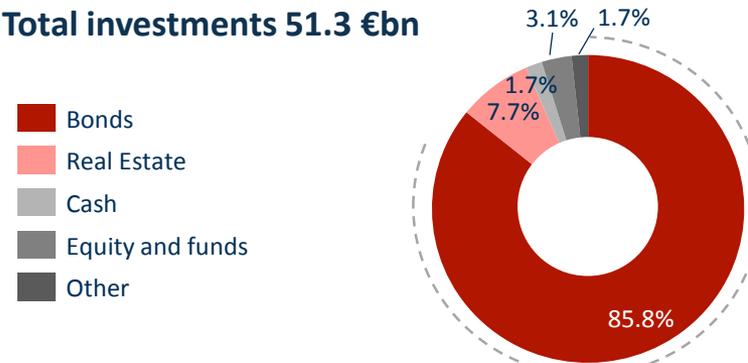


Breakdown of bond portfolio

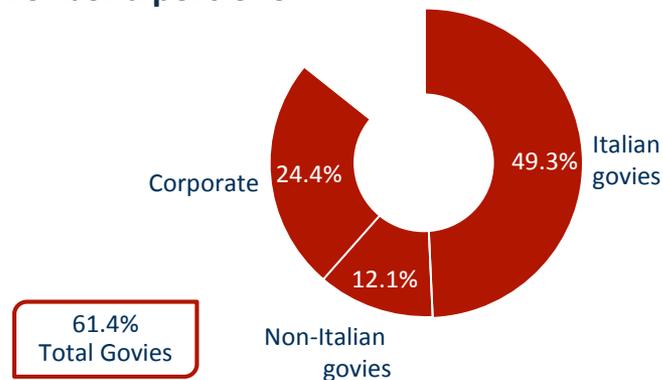


## UNIPOLSAI

Total investments 51.3 €bn



Breakdown of bond portfolio



## FINANCIAL INVESTMENT YIELDS

## UNIPOL

	FY18 act.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Coupons and dividends	428	3.4%	1,196	3.4%	1,629	3.3%
Realized and unrealized gains/losses	43	0.3%	167	0.5%	210	0.4%
<b>Total</b>	<b>472</b>	<b>3.7%</b>	<b>1,362</b>	<b>3.9%</b>	<b>1,839</b>	<b>3.8%</b>

## UNIPOLSAI

	FY18 act.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Coupons and dividends	424	3.4%	1,089	3.5%	1,513	3.4%
Realized and unrealized gains/losses	43	0.3%	164	0.5%	207	0.5%
<b>Total</b>	<b>467</b>	<b>3.7%</b>	<b>1,254</b>	<b>4.0%</b>	<b>1,721</b>	<b>3.9%</b>

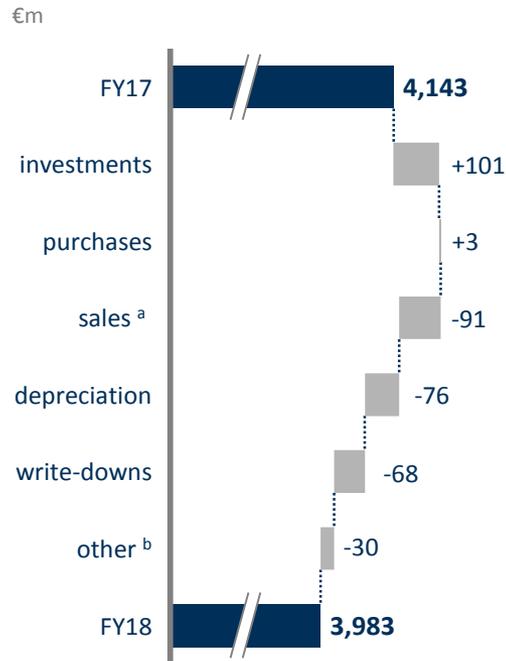
	FY18 adj.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
<b>Total</b>	<b>472</b>	<b>3.7%</b>	<b>1,320</b>	<b>4.0%</b>	<b>1,796</b>	<b>3.8%</b>

	FY18 adj.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
<b>Total</b>	<b>472</b>	<b>3.7%</b>	<b>1,320</b>	<b>4.0%</b>	<b>1,791</b>	<b>3.9%</b>

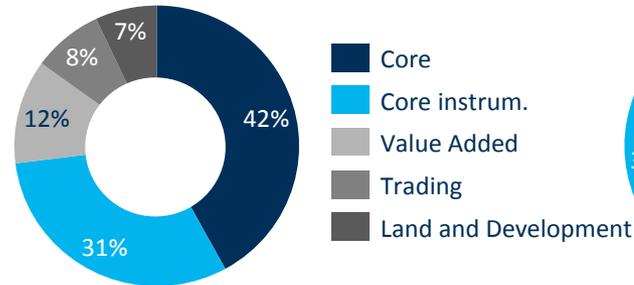
# REAL ESTATE

## UNIPOL – Tot. portfolio 4.0 €bn

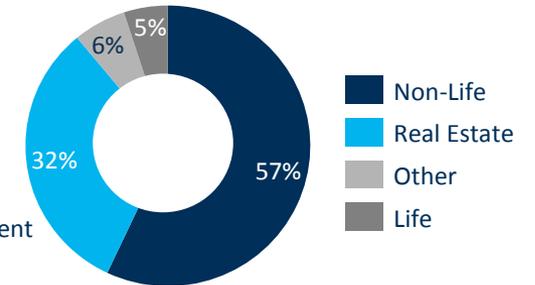
### Development of RE portfolio



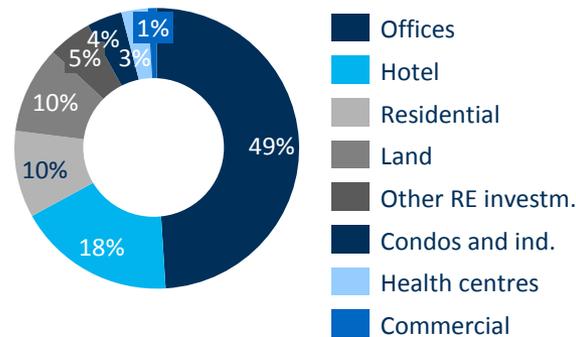
### Breakdown by cluster



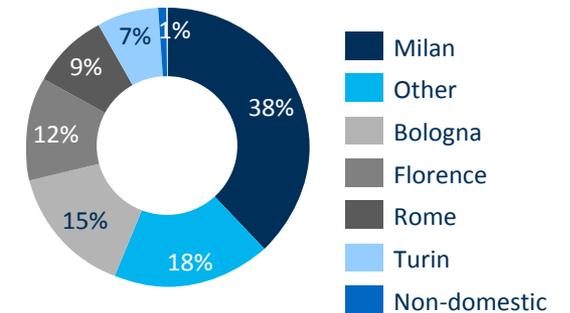
### Breakdown by sector



### Breakdown by use



### Breakdown by area



### Breakdown by ownership



<sup>a</sup> No. 169 deeds as at 31 December 2018.

<sup>b</sup> Including exchange variation and operations on RE funds and associated SPV. Operating figures.

# DIVIDEND PROPOSAL

€m

## UNIPOL

DPS (€)

0.18      0.18

Total dividends

129      129

FY17

FY18

## UNIPOLSAI

DPS (€)

0.145      0.145

Total dividends

410      410

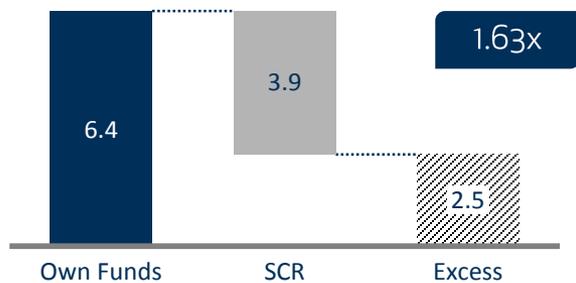
FY17

FY18

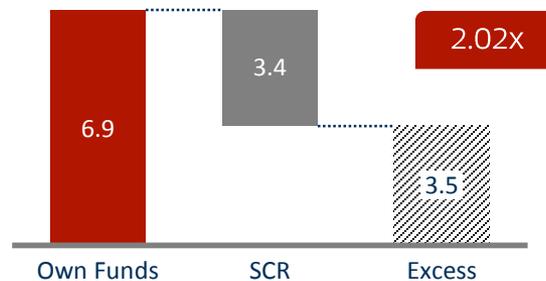
# SOLVENCY

€bn

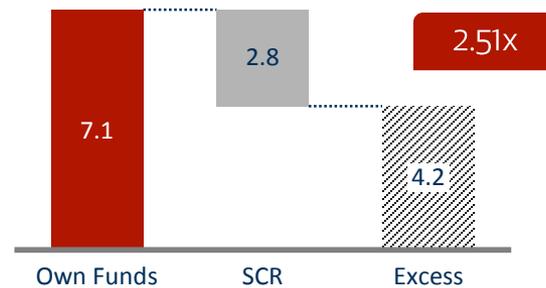
## UNIPOL (consolidated) PARTIAL INTERNAL MODEL



## UNIPOLSAI (consolidated) ECONOMIC CAPITAL

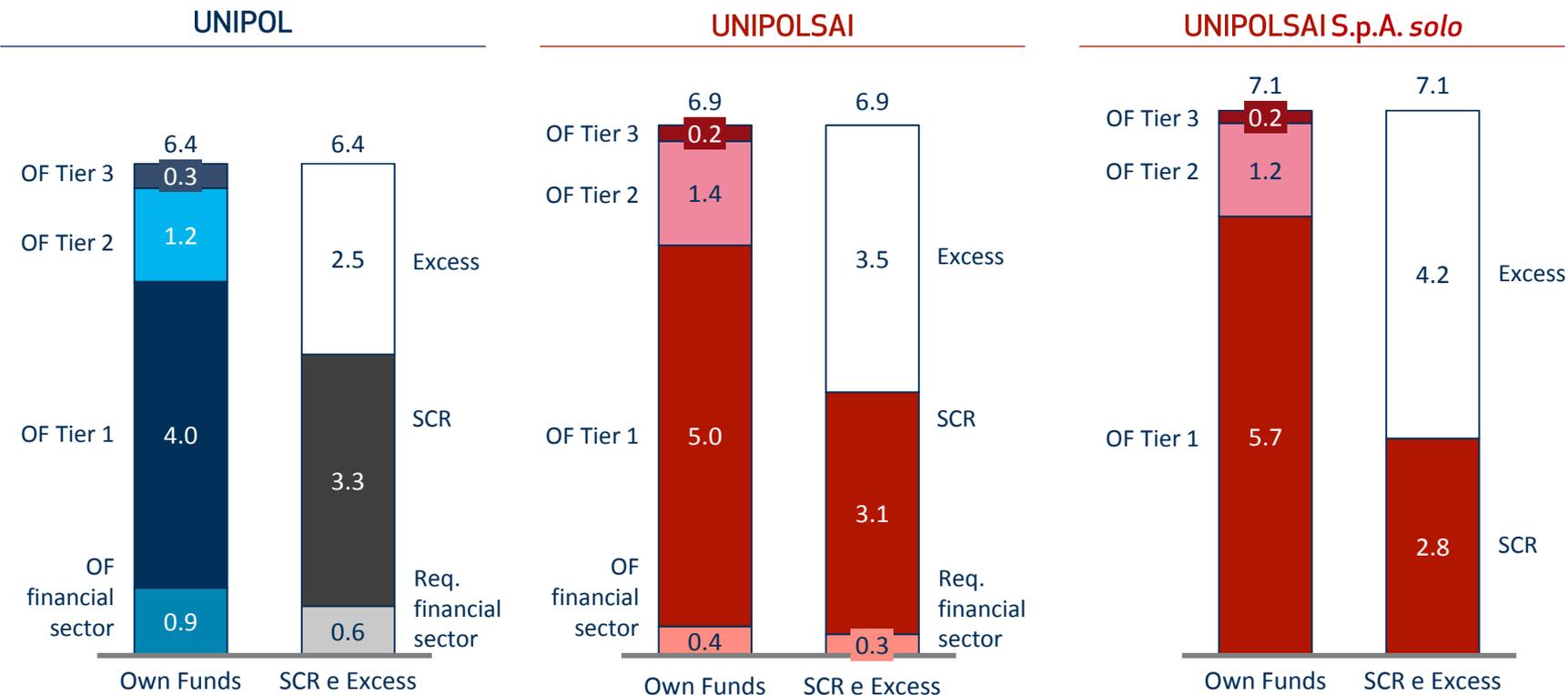


## UNIPOLSAI (solo) PARTIAL INTERNAL MODEL



# SOLVENCY – OWN FUNDS AND SCR DETAILS

€bn



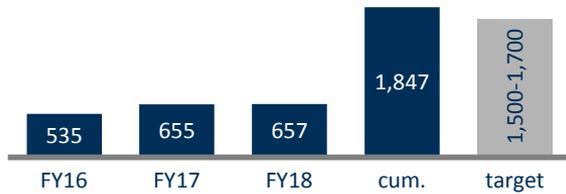
2016-2018  
TARGETS  
ACHIEVED

# 2016-2018 STRATEGIC PLAN: RESULTS VS. OBJECTIVES

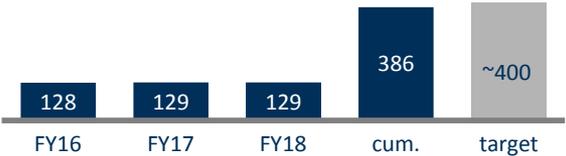
## UNIPOL



### CONSOLIDATED NORM. NET PROFIT



### DIVIDENDS



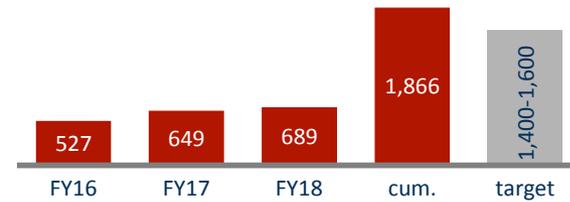
**SOLVENCY 163% partial internal model**

Target 120%-160% set on standard formula+USP

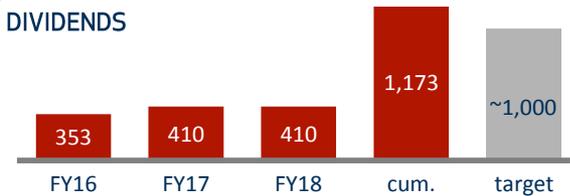
## UNIPOLSAI



### CONSOLIDATED NORM. NET PROFIT



### DIVIDENDS



**SOLVENCY 202% economic capital**

Target 150%-200% set on standard formula+USP

# SHAREHOLDERS' TOTAL RETURN

12 May 2016 <sup>a</sup> – 6 February 2019



2016-2019 UNIPOLSAI  
TOTAL RETURN 43.6%

2016-2019 UNIPOL  
TOTAL RETURN 40.7%

ALL SHARE IT INSURANCE  
TOTAL RETURN 39.7%

STOXX EUROPE 600 INS  
TOTAL RETURN 30.6%

FTSE MIB  
TOTAL RETURN 26.1%

**SALE OF  
UNIPOL BANCA  
AND  
NPL DEAL**

## DESCRIPTION OF TRANSACTIONS

1

**Sale** of 100% of **Unipol Banca** to BPER for a total cash consideration of 220 €m (0.4x BV<sup>a</sup>)

2

**Acquisition by** UnipolReC, for cash, of a portfolio of non-performing loans from BPER

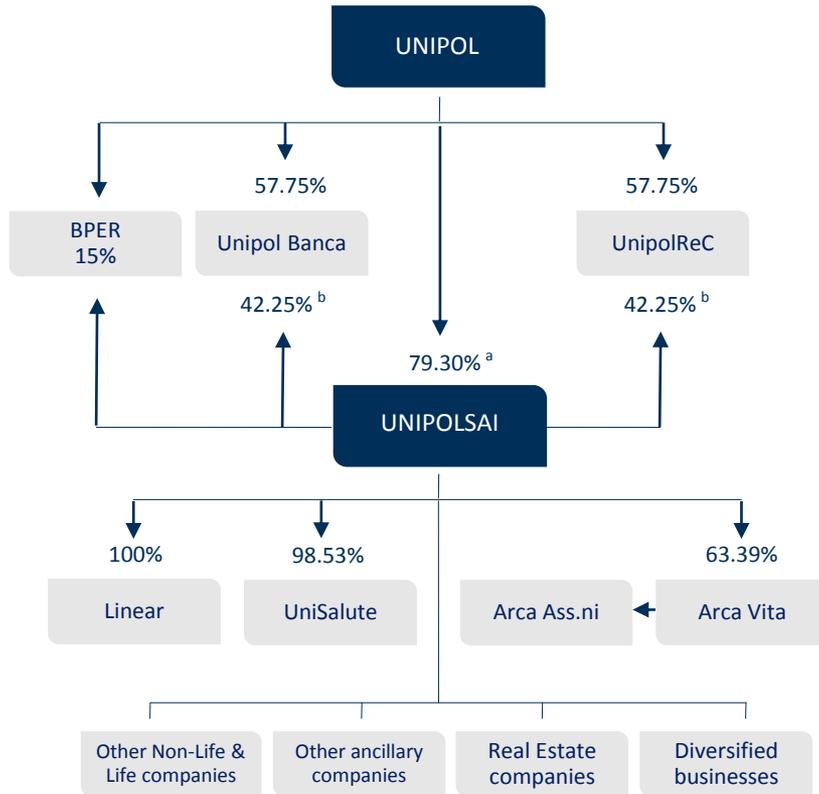
- with a gross book value of 1.3 €bn
- at a price of 130 €m (equivalent to 10% of GBV)
- of which 32% secured, 68% unsecured



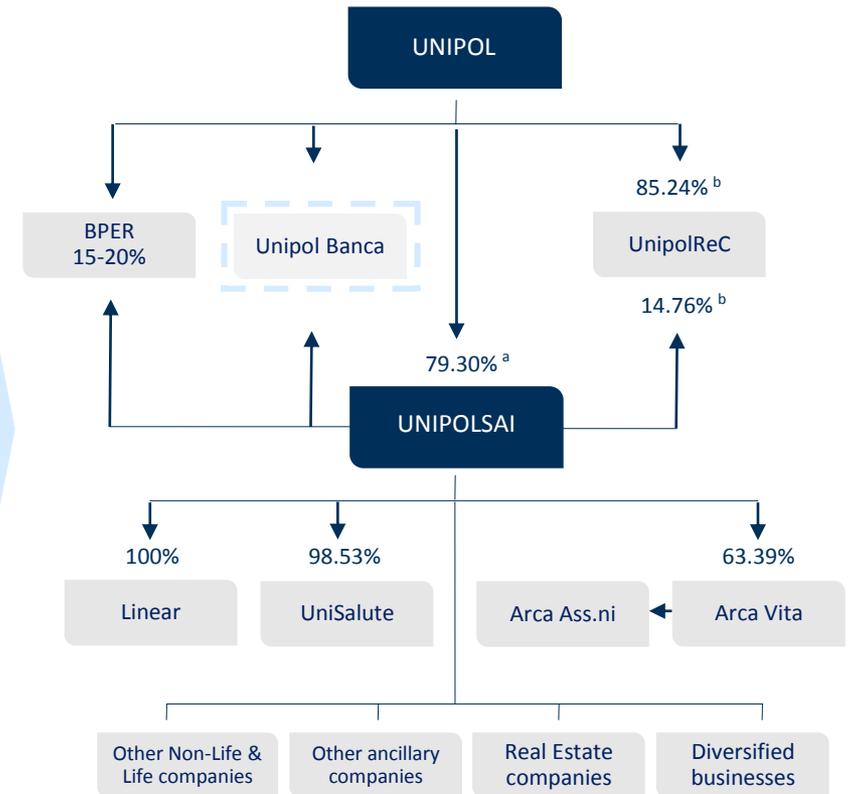
APPENDIX

# GROUP STRUCTURE

CURRENT STRUCTURE



FUTURE STRUCTURE



On 7 February 2019 the BoD of Unipol and UnipolSai approved the sale of Unipol Banca to BPER Banca, subject to obtaining the necessary authorisations

<sup>a</sup> Including the shares held by Unipol Finance, Unipol Investment and UnipolPart I.

<sup>b</sup> After the exercise of the put option on 27.49% of Unipol Banca and UnipolReC capital

## KEY PERFORMANCE INDICATORS

€m

## UNIPOL

	FY17	FY18
Consolidated net result	-169	<b>628</b>
<i>Consolidated adj. net result</i>	598	<b>645</b>
Group net result	-346	<b>401</b>
EPS (€)	n.s.	<b>0.56</b>
<i>Group adj. net result</i>	409	<b>472</b>
<i>Adj. EPS (€)</i>	0.57	<b>0.66</b>
Dividends	129	<b>129</b>
DPS (€)	0.18	<b>0.18</b>
Premium income direct business	12,291	<b>12,349</b>
<i>o/w Non-Life</i>	7,867	<b>7,953</b>
<i>o/w Life</i>	4,424	<b>4,396</b>
Combined Ratio net of reins.	96.4%	<b>94.2%</b>
Total equity	7,453	<b>6,327</b>
Shareholders' equity	5,486	<b>5,032</b>
BVPS (€)	7.65	<b>7.01</b>

## UNIPOLSAI

	FY17	FY18
Consolidated net result	537	<b>948</b>
<i>Consolidated adj. net result</i>	690	<b>703</b>
Group net result	504	<b>905</b>
EPS (€)	0.18	<b>0.32</b>
<i>Group adj. net result</i>	664	<b>657</b>
<i>Adj. EPS (€)</i>	0.23	<b>0.23</b>
Dividends	410	<b>410</b>
DPS (€)	0.145	<b>0.145</b>
Premium income direct business	11,068	<b>11,718</b>
<i>o/w Non-Life</i>	7,355	<b>7,892</b>
<i>o/w Life</i>	3,713	<b>3,826</b>
Combined Ratio net of reins.	97.2%	<b>94.3%</b>
Total equity	6,194	<b>5,697</b>
Shareholders' equity	5,869	<b>5,448</b>
BVPS (€)	2.07	<b>1.93</b>

# DISCLAIMER

Maurizio Castellina, Senior Executive responsible for drawing up the corporate accounts of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A., declares, in accordance with Article 154-bis, para 2, of the 'Consolidated Finance Act', that the accounting information reported in this document corresponds to the document contents, books and accounting records.

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