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Oggetto : Results at 9M2020 of the Cattolica  
Assicurazioni Group approved

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### GROWTH IN OPERATING PROFIT (€297M, +37.5%) AND IMPROVEMENT OF SOLVENCY RATIO (161%) IN THE LAST QUARTER

- **TOTAL PREMIUM INCOME OF €4.1BN (-17.3%): IN DIRECT BUSINESS, NON-LIFE PREMIUMS ARE IN LINE (-2.6%), LIFE PREMIUMS DECREASE (-24.0%)**
- **IMPROVEMENT IN COMBINED RATIO (90.0%, -5.1 p.p.)**
- **STRONG GROWTH IN OPERATING PROFIT TO €297M (+37.5%)**
- **ADJUSTED PROFIT INCREASES TO €116M (+21.0%)**
- **GROUP NET PROFIT AT €42M (-50.5%) DUE TO IMPAIRMENTS (GOODWILL -€61M)**
- **SOLVENCY II RATIO AT 161% AT END-SEPTEMBER; ESTIMATE AT END-OCTOBER OF ABOUT 205%**

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Verona, 10 November 2020. The Board of Directors of Cattolica Assicurazioni met today in Verona, chaired by Paolo Bedoni, to approve the results at 30 September 2020.

**Atanasio Pantarrotas, Deputy General Manager and Chief Financial Officer of the Cattolica Assicurazioni Group**, commented: *“The results of the first nine months of the year confirm the solidity of the Cattolica Assicurazioni Group even in the face of an exceptional social and economic situation. Despite the unprecedented scenario that emerged as a result of the global pandemic, at the end of the first nine months of 2020 the Group recorded a significant improvement in operating profit to €297 million, with a Solvency II Ratio of 161% before the impact of the capital increase. The solid trend recorded so far allows us to confirm, once again, the guidance for the year, with an operating result expected between €350 and €375 million. At the end of October, Generali’s reserved capital increase for €300 million was carried out, a fundamental step for the launch of the partnership with the Generali Group that will enable us to generate additional value for our stakeholders over time”*.

**Total premium income from direct and indirect Non-Life and Life business<sup>1</sup>** decreased by 17.3% to €4,124 million, mainly due to the lock-down period.

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<sup>1</sup> This figure includes the insurance premiums and investment contracts of the Life classes as defined in IFRS 4.

Direct Non-Life business decreased by 2.6% due to the Motor business. Life premium income decreased by 24.0%.

The combined ratio improved markedly, reaching 90.0% (-5.1 p.p.) despite the provision made to take account of the voucher for Motor customers, which constitutes 3.3% of earned premiums<sup>2</sup>. Thanks in part to growth in the Life segment, **operating profit**<sup>3</sup> increased sharply by 37.5% to €297 million, taking operating RoE<sup>4</sup> to 10.0%.

Adjusted profit<sup>5</sup> at 9M2020 was €116 million, up 21.0% compared with 9M2019, despite various write-downs of investment property (-€14 million), equity investments (-€5 million) and AFS shares and funds (-€7 million). Group net profit<sup>6</sup> of €42 million (€84 million at 9M2019) was down compared with the previous year (-50.5%), mainly due to goodwill impairment recorded in the first half of the year (-€61 million).

### Non-Life business

**Direct premium income** decreased by 2.6% to €1,483 million. The premium income of the **Non-Motor segment** contributed €726 million to the result, matching the figure recorded in the previous year (+0.2%). The premiums of the **Motor segment** came to €757 million, down by 5.1%, mainly due to the decrease during lockdown and the effect of initiatives for policyholders, including vouchers. The Motor Vehicle Liability policy portfolio decreased by around 82,000 in the first nine months of 2020, mainly in the first four months of the year.

The **combined ratio**<sup>7</sup> decreased from 95.1% to 90.0% (-5.1 p.p.), mainly due to the sharp decrease in frequency related to less vehicle traffic and despite the provisions made to cover the voucher for Motor customers (corresponding to 3.3 p.p. seen in the other technical items) and weather events, which had an effect of 7.1%, well above the historical average but in line with the previous year. The claims ratio for retained business decreased to 56.1% (-9.0 p.p.) while the expense ratio stood at 29.1%, up 0.3 p.p., mainly reflecting the product mix, which had an impact on the commission ratio (+0.2 p.p.). It should be noted that the claims ratio includes the amount of Covid-19-related reported claims (mainly concerning business interruptions and other financial losses).

### Life business

In the Life segment, **direct business premiums** decreased by 24.0% to €2,625 million, partly due to the sharp drop during lockdown. Despite a decidedly unfavourable context on the financial markets, unit-linked products

<sup>2</sup> The Cattolica Group decided to give its customers the option of using one twelfth of the Motor Vehicle Liability premium for the renewal or purchase of new Non-Life cover (see page 4 of this press release).

<sup>3</sup> See the Glossary

<sup>4</sup> Operating RoE is the ratio of the sum of the operating result, less the cost of employees, taxes and minority interests, to the Group's average shareholders' equity (excluding the AFS reserve).

<sup>5</sup> Defined as the measure of Group profit minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and for the Group's share) and goodwill impairment, which are relevant to the Group's profit but do not affect the Solvency position.

<sup>6</sup> Net of the minority-interest share.

<sup>7</sup> Combined ratio for retained business: 1-(Technical balance/net premiums), inclusive of the other technical items.

accounted for 24.4% of total premium income, almost in line with the previous year.

New with-profit Life policies with a minimum guaranteed rate of zero drove a further gradual decline in the Group's average guaranteed minimum reserves to 0.51% (0.58% in FY2019), continuing the reduction envisaged in the strategic guidelines set out in the Business Plan. In addition, the new traditional policies written are characterised by low capital absorption overall due to their limited risk profile.

### Financial management and balance sheet

The **investment result**<sup>8</sup> was €374 million (€425 million at 9M2019), not including the write-downs reported above (-€45 million gross).

**Investments** amounted to €32,637 million. **Gross technical provisions for the Non-Life business** amounted to €3,580 million (€3,704 million in FY2019), while **Life provisions**, including financial liabilities from investment contracts, stood at €27,053 million (€28,003 million in FY2019).

**Consolidated shareholders' equity** was €2,392 million at 30 September 2020, substantially in line with the figure at 31 December 2019 (€2,351 million).

The Group's **Solvency II ratio** at 30 September 2020 was 161%. The ratio is calculated according to the Standard Formula using the Group Specific Parameters (GSPs) authorised by the supervisory authority. The ratio has increased markedly since the previous quarter (141%), mainly due to the narrowing of the spread on Italian securities (equal to -34bps at the 10-year node vs. the Euro Swap curve) and despite the further fall in risk free rates (-5bps being the ten-year Euro Swap rate). This ratio does not include the effect of the reserved capital increase of €300 million carried out by Assicurazioni Generali on 23 October last. Based on an estimate calculated at 31 October, the Group's Solvency II index is about 205%; this indicator does not take into account either the potential effect of withdrawals or the optional capital increase which has already been approved and which will probably be carried out in the coming months.

### Distribution network

At 30 September 2020, the agency network consisted of 1,368 agencies and there were 5,953 bank branches distributing the Group's products.

### Covid-19 emergency

To address the current health and economic crisis, business continuity and workforce protection were ensured through the immediate adoption of smart working for all Group employees. The activities necessary for a safe return to the operational sites were carried out, with a maximum of 25% of staff present at the sites in September, but in early October the Group considered it appropriate to return to full smart working mode due to the new peak in the infection, while the tools provided in recent months (remote payments, Motor

<sup>8</sup> Financial assets, excluding investments whose risk is borne by the policyholders, before tax.

and Life remote sales, Motor vouchers) remain available to cover and protect customers.

The following points should be noted with regard to the implications for the Group's business:

- the sharp drop in new business during the weeks of lockdown, in the Non-Life classes but particularly in the Life classes, was followed by the reopening and a process of returning to standard levels, which was more rapid for the agency channel and less immediate in the bancassurance channel. In the last quarter, the trends in the Non-Life business were confirmed, while in the year-on-year comparison, the Life business also slowed due to high production levels in the third quarter of 2019;
- alongside the trend in new business, Life surrenders also declined significantly during the months of lockdown (more than -75%), before rising again, although they were still more than 20% lower than the steady state levels;
- reported claims decreased in almost all classes (except for Miscellaneous Financial Loss), particularly in the Motor classes, where in some weeks they dropped by approximately 80%. At 16/10, reported claims in the Non-Life business are estimated to have decreased by 22% compared with the same period in 2019;
- to date, there have been no particularly negative trends in claims reporting due to the pandemic in either the Non-Life or Life businesses. The only class affected is Miscellaneous Financial Loss, due to business interruptions and income reimbursement.

### Business outlook

In light of the solid operating results, Cattolica's BoD confirms its guidance provided on 6 February 2020 and subsequently reiterated with the results of the first and second quarters. Accordingly, the operating result forecast for the current year is between €350 million and €375 million.

However, some potential risks should be mentioned, including the occurrence of a substantial number of Covid-19-related claims currently not reported, including a sharp increase in Life claims (which is currently not the case) or a particularly negative trend in claims in the last period of the year.

Net profit at the end of 2020 will also depend on other factors, not predictable to date.

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Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, Corporate Financial Reporting Manager Atanasio Pantarrotas declares that the accounting information contained in this press release matches the company documents, books and financial records.

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The results at 30 September 2020 will be presented to the financial community at 09:30 hours tomorrow, 11 November 2020, in a conference call (with Italian, English and original audio). The numbers to be called are: + 39 02 805 88 11

from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists may follow the event by calling +39 02 805 88 27 (listen-only mode). The results presentation will be available on the homepage of the site [www.cattolica.it](http://www.cattolica.it) in the Investor Relations section.

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*The Company advises that it has prepared the Cattolica Group's Consolidated Financial Report at 30 September 2020 in accordance with IAS 34 (Interim Financial Statements). This approach is related to the capital increase, approved by the Company's Board of Directors on 4 August 2020, in exercise of the mandate granted pursuant to Article 2443 of the Civil Code by the Extraordinary General Meeting of 27 June 2020, and the related obligations.*

*The Report, including the independent auditors' report, will be available to the public from the Company's registered office, its website, [www.cattolica.it](http://www.cattolica.it), and the eMarket STORAGE facility authorised by Consob, managed by Spafid Connect S.p.a. and accessible from the site [www.emarketstorage.com](http://www.emarketstorage.com), in the manner and according to the terms set out in applicable laws and regulations.*

*Pursuant to Article 82-ter of the Regulation for Issuers, please be advised that the amendment of information items relating to additional periodic financial information, as already defined and communicated to the public by press release on 14 November 2017, is understood as limited exclusively to the communication of data relating to 30 September 2020.*

## SOCIETÀ CATTOLICA DI ASSICURAZIONI

**Cattolica Assicurazioni** is one of the main players on the Italian insurance market and the only cooperative company in its industry to be listed on the Milan Stock Exchange, where it has been present since November 2000. With more than 3.5 million customers who rely on the insurance solutions and products it distributes, the Group has total premiums of nearly €7 billion (2019). At the Group level, Cattolica has 1,389 agencies throughout Italy, covering both large cities and smaller towns, and a network of 1,886 agents. For further information: [www.cattolica.it/profilo-societario](http://www.cattolica.it/profilo-societario)

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## Cattolica Group - INTERIM CONSOLIDATED REPORT at 30 SEPTEMBER 2020

(prepared in accordance with international accounting standards)

Reclassified balance sheet (amounts in millions)	30.09.2020	31.12.2019	Mandatory scheme items (*)
<b>Assets</b>			
Real estate and securities investments	1.084	1.062	4.1 + 2.1
Equity investments in subsidiaries, associates and joint ventures	168	160	4.2
Loans and receivables	1.229	1.072	4.4
Investments held to maturity	202	212	4.3
Available-for-sale financial assets	23.827	23.823	4.5
Financial assets at fair value through profit or loss	5.538	6.605	4.6
Cash and cash equivalents	589	468	7
<b>Investments</b>	<b>32.637</b>	<b>33.402</b>	
Intangible assets	777	881	1
Reinsurers' share of technical provisions	635	619	3
Other assets net of other liabilities	492	686	(**)
<i>of which assets of disposal groups held for sale</i>	0	197	
<i>of which liabilities of disposal groups held for sale</i>	0	-194	
<b>ASSETS</b>	<b>34.541</b>	<b>35.588</b>	
<b>Shareholders' equity and liabilities</b>			
Group capital and reserves	1.895	1.819	
Group result	42	75	1.1.9
<b>Shareholders' equity attributable to the Group</b>	<b>1.937</b>	<b>1.894</b>	1.1
Shareholders' equity attributable to minority interests	455	457	1.2
<b>Consolidated shareholders' equity</b>	<b>2.392</b>	<b>2.351</b>	1
Premium provision	816	880	
Claims provision	2.764	2.824	
<b>Non-Life gross technical provisions</b>	<b>3.580</b>	<b>3.704</b>	3
<b>Life gross technical provisions</b>	<b>26.395</b>	<b>26.509</b>	3
Other Non-Life gross technical provisions	3	3	3
Other Life gross technical provisions	600	676	3
Financial liabilities	1.571	2.345	4
<i>of which deposits to policyholders</i>	658	1.494	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>34.541</b>	<b>35.588</b>	
<b>Reclassified income statement (amounts in millions)</b>	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>Mandatory scheme items (*)</b>
<b>Revenues and income</b>			
Net premiums	3.957	4.744	1.1
Commission income	2	5	1.2
Income and expenses from financial instruments at fair value through profit or loss	-88	296	1.3
<i>Financial income from Class D (***)</i>	-87	296	
Income from equity investments in subsidiaries, associates and joint ventures	4	4	1.4
Income from other financial instruments and investment property	652	637	1.5
<i>of which change in other financial liabilities</i>	0	0	
Other revenues	94	98	1.6
<b>Total revenues and income</b>	<b>4.621</b>	<b>5.784</b>	
<b>Costs and expenses</b>			
Net claims-related expenses	-3.315	-4.595	2.1
Commission expense	-3	-4	2.2
Expenses from equity investments in subsidiaries, associates and joint ventures	-17	0	2.3
Expenses from other financial instruments and investment property	-226	-185	2.4
Operating expenses	-565	-603	2.5
<i>Commissions and other acquisition expenses</i>	-376	-407	
<i>Investment management expenses (****)</i>	-39	-37	
<i>Other administrative expenses</i>	-150	-159	
Other costs	-330	-222	2.6
<b>Total costs and expenses</b>	<b>-4.456</b>	<b>-5.609</b>	
<b>Result for the period before taxes</b>	<b>165</b>	<b>175</b>	
Taxes	-93	-67	3
<b>Result for the period after taxes</b>	<b>72</b>	<b>108</b>	
<b>Result of discontinued operations</b>	<b>0</b>	<b>0</b>	4
<b>CONSOLIDATED RESULT FOR THE PERIOD</b>	<b>72</b>	<b>108</b>	
Result attributable to minority interests	30	24	
<b>RESULT ATTRIBUTABLE TO THE GROUP</b>	<b>42</b>	<b>84</b>	

(\*) The items in the consolidated financial statements pursuant to ISVAP Regulation No. 7 of 13 July 2007 are shown.

(\*\*) Other receivables, other assets and other tangible assets (balance sheet asset items = 5 + 6 + 2.2) net of provisions, payables and other liabilities (balance sheet liability items = 2 + 5 + 6).

(\*\*\*) The Class D results recognised in investment management expenses of €1 million and other revenues of €2 million are also included.

(\*\*\*\*) Class D investment management expenses of €1 million are included.

Fine Comunicato n.0479-254

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