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PRESS RELEASE

Generali Investor Day 2016

Accelerating our ambition for excellence

New targets on efficiency and profitability - strengthening our competitive advantage through best-in-class distribution network, solid technical capabilities and lean cost base

- Rationalization of the operating machine
 - Optimised geographical footprint (€ 1 bln cash generated by the exit from unattractive markets)
 - Fit-to-Lead programs to increase productivity by 15%
 - € 200 mln net reduction of operating costs in mature markets (2016 - 2019)
- Leadership in technical performance
 - P&C: further improve CoR outperformance compared to peers
 - Life: a reduction of average guarantee value to 1.5% and portfolio rebalancing (+6% capital-light reserves as percentage of total) by 2018
- Customer and Distributor Centricity
 - Customer retention increase: +2 p.p. by 2018
 - Brand strengthening: +3% preference in developed markets by 2018
 - Digital initiatives to improve operating effectiveness and proposition for customers and distributors

2018 targets confirmed

- Cash flow generation: > € 7 bln
- Dividends: > € 5 bln
- Average operating RoE: > 13%

The Generali Group CEO, Philippe Donnet, commented: "Today we are announcing an increase in the scope of our ambition, to be a leader where we operate and deliver excellence in everything we do. We are starting from a strong base: Generali is financially solid and we have a tight control on a lean cost basis. We have established greater coordination and discipline across business units with local CEOs empowered to monitor the progress of our strategic levers through targeted KPIs. Our goal is leadership in our chosen markets, not measured by size but by profitability. We will further improve our operating performance and will create long term value. We'll improve our efficiency through significant productivity gains and we will optimize our geographical footprint, while securing investments in key growth markets. We will maintain and further improve our leading edge in technical performance and excellent profitability, both on our P&C and Life business, in order to overcompensate the effects of a prolonged period of adverse market conditions. Finally, we will focus on customers and distributors by leveraging on data analytics and innovative telematics products. Today we confirm the financial targets for the period 2015-2018. None of this would be possible without the unparalleled level of pride and passion of Generali employees and our network of agents and collaborators around the world."

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London - The Generali Group presents today at the Investor Day an update of the strategic plan.

Generali confirms the targets announced in May 2015, proving the strength and the resilience of its business model.

Despite the deterioration of the macroeconomic environment over the last 18 months and a high degree of uncertainty on the financial markets' future perspectives, the Group aims to achieve by 2018 a cumulative Net Free Cash Flow of more than € 7 billion and cumulative dividends of over € 5 billion. In reaching these targets, Generali confirms a return on equity (RoE) at more than 13% on average over the plan period (2015-2018).

The foundations on which Generali's strength is based are: the solidity of its capital position, technical performances that stand amongst the best in the insurance industry, the quality and extent of its own distribution networks and the presence in the most attractive and promising markets. To continue to be competitive and excel in a context as uncertain as the current one, the Group aims at **accelerating the execution** of the strategy through **six actions** aimed at **improving the operating performance** and **creating long-term value**.

STRATEGIC INITIATIVES TO ACCELERATE OUR EXECUTION

Generali is accelerating its industrial turnaround to reach leadership in operating results, technical excellence and in the long-term value creation; thus achieving sustainable profits.

3 ACTIONS TO IMPROVE OPERATING PERFORMANCE:

- **Optimising the geographical presence.** The Group intends to maintain a global and diversified geographical presence by focusing where it is technically strong, efficient and profitable or where it can create those conditions in the medium-to-long-term period. At the same time, it will exit from less profitable markets in order to increase operational efficiency, improve capital allocation and mitigate risks. Thus, the rationalisation process already started with the disposal of the businesses in Guatemala and Lichtenstein will continue and is expected to generate at least **€ 1 billion of cash** by 2018.
- **Improving the operating machine.** A restructuring, integration and simplification process will start in mature markets to generate a net reduction in costs of € 200 million, while investment will be made to grow the business in a disciplined manner in growth markets. These actions aim at maximising the efficiency and effectiveness of the operating machine by reducing duplication and eliminating overlaps in terms of products, structures, systems and processes for the benefit of a more agile and rapid management of our business.
- **Strengthening of insurance expertise.** In the Property&Casualty segment, the Group aims at a profitable growth that will enable Generali to achieve a **further improvement of CoR outperformance by 2018**, further strengthening the excellent level of technical profitability, already one of the best on the market today. The actions that will be put in place to achieve this result are set below:
 - in the Motor line, data analytics and automated profiling through MyDrive and Progressive, will allow the rates' sophistication;
 - in the Non-motor line, innovative offers will be promoted to boost the growth of the segment (gross direct premiums between 2% and 4% in 2018), including connected products (Smart Home), modular products, products for emerging risks (cyber risk);
 - in claims management, a better identification of fraud and use of analytics will allow to offer an excellent level of service and technical competence.

In Life segment, the Group aims to increase the new production value through more capital-light products (+8 p.p. in the three main markets: Italy, Germany, France).



3 ACTIONS TO CREATE LONG-TERM VALUE:

- **Rebalancing the portfolio.** In the Life segment, the Group aims to change the business mix by shifting to more capital-light products. It will optimize its active liability management and will increase the new production of Unit Linked and Protection, in order **to reduce** the average guarantee of Life products **by 30 bps**, to offer an average guarantee value of 1.5% by 2018 and create a 6% increase in capital-light reserves.
- **Innovation with focus on customers and distribution network.** The actions undertaken by the Group from 2015 to increase customer retention and profits, have already led to strong results. The Net Promoter Score project, which reports the level of customer satisfaction, enabled Generali to identify those areas of improvement on which the Group will focus. Among these are: more clarity in communication with the policy summed up in a single page; quicker resolution process thanks also to automatic updates sent through sms and Apps; and digital management of client files. At the same time, two other high-impact initiatives were identified. The first is the “Mobile Hub”, based on smartphone technology. This innovation provides a direct communication between the insured, the agent and the insurance company, allowing for a more active role by the agent, who can know in real time customers’ needs and how the Company is managing the file. The second is the “Digital Agent” initiative, using digital technology to allow 70,000 agents of the Group to be present in the digital space (web, mobile and social media) thereby responding to the new needs of the most advanced customers. From all these initiatives, the Group expects in three years **an increase in retention by 2 p.p.**
- **Strengthening of the brand.** The Group aims at increasing the visibility of the brand and the level of preference in order to become the first choice by 2022. To reach this objective, Generali will streamline the brand portfolio, optimise current investments and leverage on cross-border efficiencies. In line with the customer-centricity strategy, the brand will be repositioned to provide content related to Prevention, closer to the most valuable asset of the customers’ life (life, health, house, family and work). As a result of these strengthening actions, the Group aims at **increasing by 3% the level of preference in developed markets and by 10% the level of awareness in promising markets.**

Technological innovation represents the engine of the 6 strategic actions identified for accelerating the implementation of the industrial turnaround. Its role will enable the Group to continue to be competitive in a market context characterised by increasing digitisation altering the speed of making business, affecting the requirements of consumers and favouring more direct relations between customers and distributors. All this will be pursued in compliance with the reduction of costs and will also be achieved through new methods of work (digital workplace), streamlining infrastructures and process automation.

THE GENERALI GROUP

The Generali Group is one of the largest global insurance providers with 2015 total premium income of more than €74 billion. With above 76,000 workers in the world, present in over 60 Countries, the Group has a leading position in Western European Countries and an even more significant presence in the markets of Central and Eastern Europe and in Asia. In 2015, Generali was the sole insurance company included among the 50 smartest companies in the world by the MIT Technology Review.