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PRESS RELEASE





Generali 2021: Strategy confirmed and full commitment to financial targets

- The **Generali 2021 strategy has proven to be the right one**, demonstrated by the results we achieved in the current environment.
 - **GROWING EARNINGS PER SHARE: 6%-8% EPS CAGR RANGE 2018-21¹**
 - **GROWING DIVIDEND: € 4.5-5 BILLION CUMULATIVE DIVIDENDS 2019-2021; 55%-65% DIVIDEND PAY-OUT RANGE 2019-21 SUBJECT TO REGULATORY ENVIRONMENT²**
 - **HIGHER RETURN FOR SHAREHOLDERS: 2019 AND 2021 EXPECTED ROE >11.5% WHILE 2020 ADVERSELY IMPACTED BY COVID-19 AND ONE-OFFS**
- **Financial debt reduction stands at € 1.9 billion:** meeting the higher end of the target range one year ahead of the plan
- **Additional € 100m recurrent savings by 2021:** from the original €200m expense reduction target – up 50% to € 300m³.
- Effectively navigating the COVID-19 pandemic by leveraging Generali's core strengths: **clear strategy, focus on technical excellence, strong distribution network and a diversified business model.**
- Proactive and decisive actions taken to minimize the direct business impact of the pandemic, protect shareholder value and support customers, agents and communities including **€100m extraordinary international fund deployed across 25 countries.**
- Clear strategic priorities to deliver Generali 2021 and beyond:
 - **Maintain disciplined approach to managing cash, capital and redeployment**
 - **Deliver strong results in Life and P&C leveraging best-in-class technical expertise**
 - **Further enhance multi-boutique asset management strategy**
 - **Increase customer preference while increasing digitalization of distribution channels**
 - **Relentless focus on expenses**

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¹ 3 year CAGR; adjusted for impact of gains and losses related to disposals.

² Adjusted for impact of gains and losses related to disposals.

³ Insurance Europe

Milan. Generali will today meet with the financial community for a virtual Investor Day to provide an update on the progress of its three-year *Generali 2021* strategy, confirming its ability to deliver the financial targets by effectively navigating the global COVID-19 crisis, and confirming the core convictions at the heart of its strategic plan.

Generali Group CEO, Philippe Donnet, stated: *"Our Generali 2021 strategy remains effective and even more valid in the current market context. The Group is navigating the most serious post-war global crisis by leveraging its strengths: disciplined strategy execution, focus on technical excellence, strong distribution network and a diversified business model. These strengths, combined with our solid capital position and excellence in innovation, allow us to fully commit to the financial targets of our strategy and to be well-positioned to capitalize on future opportunities. Two years after the launch of the plan, we are maintaining our commitments to all stakeholders, thanks also to the empowerment of our people, an increasingly strong brand and our growing commitment to sustainability."*

Strong position to harness long term opportunities

Generali confirms its best-in-class status thanks to a diversified business model with optimized risk selection which has minimized the impact of COVID-19. The top-line has shown resilience, despite market headwinds, and the Group has continued to deliver best-in-class technical performance. The Asset Management strategy is delivering greater revenue diversification and the Group's balance sheet remains strong with robust capital buffers and solid cash remittances.

The core convictions underpinning the three-year plan have also been reinforced in light of current trends, and have offered Generali the opportunity to strengthen its leadership position in Europe through the disciplined execution of the strategy, to seize growth opportunities in protection and Asset Management and accelerate digital transformation and omni-channel distribution.

Generali is now well positioned to seize opportunities for profitable growth in Life and pensions in a context where the demand for pension solutions increases in line with an ageing population, providing a unique opportunity for retirement products.

The Group can also leverage on the excellence of its proprietary distribution network as well as technical margins, together with a comprehensive product suite that combines asset management solutions with ESG options, biometric riders and solutions for seniors.

Since the introduction of *Generali 2021*, the **Lifetime Partner promise was further strengthened**, thanks to the quality of agency networks and direct channels as well as increasing digitalisation. Generali can count on 3.8 million customers registered online, 82% of its agents being digitally enabled as well as a new generation of products that are bundled to include personalised value added services.

Long term industry trends accelerated by the response to Covid-19 such as digitalization will allow Generali to take advantage of opportunities for further growth, higher customer satisfaction and enhanced employee engagement.

Generali is successfully reinforcing its leadership position in Europe, effectively integrating acquired companies and delivering incremental value through partnerships (Adriatic Slovenica, Concordia, Seguradoras Unidas, Cattolica, Lumyna, Sycomore, KD Skladi, Union Poland, AdvanceCare) to meet strategic priorities in line with strict adherence to the clearly defined, rigorous selective criteria for M&A.



Financial strength, acceleration of the strategy and transformation of the Group

Higher contributions from expense reduction and debt optimisation have helped the Group remain on track to meet its Earnings Per Share target even in the challenging context of the COVID-19 related macro slowdown and the ultra-low interest rate environment.

Generali has a very strong and resilient capital position, at both Group and major Business Unit level, even in the current international economic and financial context characterised by great uncertainty and even in further stress scenarios: the Solvency II Ratio as of 30th September 2020 was 203%.

Financial debt reduction stands at € 1.9 billion meeting the higher end of the target range for *Generali 2021* one year ahead of the plan, while **the gross interest expenses reduction target** was surpassed one year in advance with expected interest charges € 200 million lower in 2021 compared to 2017.

Successful implementation of the Capital Management and Cash Management Strategies: the net holding cash flow target of over € 7 billion is ahead of the *Generali 2021* plan and a material increase in cash remittances from the business units to the Holding is on track (plan target: over € 9.5 billion) as well as the achievement of a strong and sustainable normalized capital generation (plan target: over € 10.5 billion).

In the life segment, Generali has been an industry first mover in Europe to de-risk its Savings business. In key markets such as Italy, Germany and France, four key strategic actions have been taken: changing the business mix, reshaping guarantees, a proactive ALM strategy and targeted in-force disposals which enable resilient margins.

In the P&C segment, the Group can rely on attractive and predictable cash flows, leveraging its strong competence in risk selection, prudent reinsurance policies and technical excellence programs leveraging data analytics. **Generali's combined ratio has also proven to be the lowest and the least volatile among its peer group.**

The excellence of the customer and distribution experience is resulting in higher customer loyalty thanks to the Group's Lifetime Partner hallmarks, reflected in an increasing Relationship Net Promoted Score (RNPS)⁴ that is faster than peers, growing +7 points in Q3 2020 compared to Q1 2019, while Generali has improved customer retention by 2.7pp in Q3 2020 compared with 2018.

The Group has accelerated its business transformation, which is further driving profitability, confirming € 1 billion in strategic investments. The target of € 200 million in expense reduction has been secured ahead of plan, thanks to disciplined execution of savings and transformation initiatives. In 2021 Generali will fully consolidate new ways of working and further optimize external services, delivering additional € 100 million in savings (total expense reduction through the plan: € 300 million).

⁴ Perimeter: Generali units in Europe, Asia, Argentina and Turkey

Asset Management

The execution of the Asset Management strategy has positively contributed to the achievement of the goals outlined in the *Generali 2021* strategic plan, thanks to the implementation of the multi-boutique platform, which is delivering strong performance to its clients and enabling the growth of the external customer base.

The 2021 Asset Management targets are confirmed and progression is on track:

- Net result of the segment is expected to be around € 350 million in 2020 (target 2021: € 400 million);
- Contribution of revenues from external customers to grow to 32% this year (target 2021: 35%);
- Operating margin of the segment currently stands at 52% in 2020 (target 2021: > 45%).

The long-term ambition is to position Generali among the top 5 multi-boutiques in the world by profits.

ESG driven strategy

Sustainability is an enabler of Generali 2021, driving the transformation of the business and the strategy in the long term. Generali confirms a clear ESG framework, integrated across all levels of the business and based upon: an effective governance structure; clear targets and metrics; firm priorities on fighting the climate crisis through the Group's core business, a focus on investments and underwriting; ambitious goals on RNPS in line with the Lifetime Partner promise; engagement and reskilling of employees with particular attention to Diversity and Inclusion. As a responsible investor, Generali is proactively integrating ESG considerations into the investment process across all asset classes, supporting the Group to deliver long-term financial returns while reinforcing its risk management approach.

The top management and leadership group's remuneration is now linked to ESG goals, confirming a pervasive commitment.

The Group is fully on track to meet the 2021 sustainability objectives: € 4.5 billion increase in new green and sustainable investments and 7% - 9% growth in gross written premiums from products with green and social value, while also developing dedicated solutions for responsible consumers.

Generali is also a sustainable innovator as the first European insurer to have issued a Green bond.

Generali has also established EnterPRIZE, an initiative to acknowledge the most sustainable SMEs while The Human Safety Net strengthens support for communities in the 22 countries where it is present.

THE GENERALI GROUP

Generali is one of the largest global insurance and asset management providers. Established in 1831, it is present in 50 countries in the world with total premium income of more than € 69.7 billion in 2019. With nearly 72,000 employees serving 61 million customers, the Group has a leading position in Europe and a growing presence in Asia and Latin America. Generali's ambition is to be the Lifetime Partner to its customers, offering innovative and personalized solutions thanks to an unmatched distribution network.