

2019 General Meeting

Address by the Chairman

Gabriele Galateri

7 May 2019

Trieste



Good morning,

and welcome to all our shareholders, whether you're with us here or following the meeting on a live streaming link. Thank you everyone. As is tradition, the Mayor of Trieste, Roberto Dipiazza, has asked me to convey his greetings.

I also want to welcome the members of the Board of Directors I have had the pleasure of chairing, which concludes its three-year term of office today. At the end of these remarks, I want to say a few words about the Board, its quality and its excellent service for the company.

Finally, I want to welcome the senior managers and colleagues from the Group, in particular the Group Chief Financial Officer, Cristiano Borean, who was recently appointed to the post.

I should now like to open this meeting and share a few brief introductory remarks with you.

Macroeconomic context

Let's begin with the current macroeconomic, geopolitical and social scenario, which is unquestionably complex. Economic growth is slowing and the international scene appears to present an increasingly fragmented world in which two blocks with different economic, political and value systems are emerging, China and the USA. In the middle is Europe, which is still unable to express common views on fundamental and urgent issues such as industrial policy, defence and immigration. On one hand, Brussels is engaged in the complex negotiations on Brexit; on the other, it is waiting for the parliamentary elections and the renewal of its legislative bodies. These two events – Brexit and the new appointments – should, and could, give impetus to the process of integration, without which not only is Europe losing weight and credibility at international level, it also risks squandering the progress it has achieved since the Treaty of Rome in 1957.

Generali – and I want to emphasise this point – places great trust in Europe. Leaving aside other considerations, we are convinced that certain trends typical of our continent such as our ageing population and a manufacturing sector sustained by our small-medium enterprises offer significant opportunities for insurers and asset managers. If we want these opportunities to be transformed into tangible benefits, the Union needs to strengthen itself around uniform strategies and a vision for the future shared by all our citizens.

That said, I remain positive.

Despite everything, the global economy is growing: the USA is expected to achieve 2.3% growth this year, China more than 6% and Europe 1%. Overall, world production is expected to increase by more than 3%.

In Europe, average salaries and wages remain solid and are driving domestic demand. Surveys and voting preferences suggest that the European Parliament will retain a large moderate pro-Europe majority and confirm that growing numbers of people believe in the project for a united Europe.

For its part, Italy is expected to show marginal growth in 2019 (0.1-0.2%). The slowdown of our main international partners, global trade tensions and our structural weaknesses are constraints on the economy, but the system continues to be solid. I want to point out

that Italy is one of the world's main net exporters, number one in many sectors, and Europe's second manufacturer in terms of value added; its hard-working and successful industrial sector has more than 30,000 companies active in advanced technology, more than any other European nation, and I say this also in my capacity as President of the Italian Technology Institute. So I am convinced that Italy continues to have a very important potential.

Context of the insurance and asset management industry

Now let's talk about the sector in which we operate. The insurance and asset management business continues to be solid and resilient.

The outlook for the insurance sector remains robust. Over the next few years, global premium income should maintain an annual growth rate of 3%. This trend is driven by physiological factors related to economic growth, which generates greater demand for protection, but by other factors too. An important component is the evolution of insurance products offering innovative solutions to meet emerging needs as society changes, including disease prevention, care and long-term investment.

Insurance companies will also play an increasingly vital role in preventing, mitigating and covering the unfortunately ever greater losses arising from climate change and the natural disasters it brings in its wake. Global warming is increasing the frequency of extreme natural events. Often, these losses are not covered by insurance: the latest available figures show that worldwide only about 40% of catastrophe damage is insured.

Meanwhile, the significant expansion of asset management in the last few years – which is expected to continue in the coming years – is driven by a number of factors, one of which is the demographic trend. With the ageing population and simultaneous pressure on containing public spending, investment by private individuals to ensure their post-retirement financial security is expected to grow dramatically. Forecasts indicate that worldwide assets under management will reach 109,000 billion USD by 2022, an increase of almost 40% from 2017.

Contrary to the commonly held view, young people are also careful about managing their savings. Some surveys have found that in relation to their income, the millennials save up to double the amount my generation saved.

Generali 2021: innovation and sustainability

Now let's talk about us.

In this context, Generali has achieved excellent results. Specifically, in 2018 the Group reported a higher operating profit and net profit, and once again increased its proposed dividend, to its highest level yet. This performance marks the completion and is the direct consequence of a profound transformation, reflecting the success of our strategy.

In 2015, Generali completed a financial restructuring, which was followed by another industrial restructuring. Today, the Group is more solid, more focused on its core business (insurance and asset management), it has a more rational international presence, is more efficient and resistant to financial cycles thanks to a product mix with greater added value, an improved risk profile and, consequently, lower capital absorption.

Now the time has come to take advantage of the growth opportunities offered by the

insurance and asset management industry and to help shape its evolution. Generali wants to do this by implementing its new strategic plan: Generali 2021.

In a moment, Philippe will outline the main goals and initiatives of the plan. I want to tell you how Generali 2021 intends to enhance human resources, their needs and their quality of life. For decades, although insurers provided socially important services, based on mutualistic principles, they were more interested in the technicalities of their policies than in their clients' requirements. Now the situation has reversed: digital innovation allows us to develop solutions fully matched to the client and their needs.

Consistently with Generali 2021, the company will not simply focus on optimising risk assessment and anticipating tariff dynamics, it will develop modular, flexible, simple, connected solutions designed to improve people's lives. It will transform insurance into a personalised service that can provide individuals and corporate clients with the peace of mind they need to achieve their full potential, help them lead healthier and safer lives and prevent accidents. In the P&C segment, for example, data analysis enables us to understand client behaviour in greater detail, to estimate risk better and to offer tailored tariffs and solutions. In the Motor line, we can analyse the data from black boxes not only to offer discounts to the most prudent drivers, but also to provide advice on how to drive more carefully and cost-efficiently.

The new strategic plan is based on 3 clear pillars: profitable growth; capital management and financial optimisation; innovation and digital transformation. It also identifies a number of enablers, including the people who work for Generali and our commitment to sustainability. Let's look at these two points.

Regarding our employees, whom I want to thank for their unwavering commitment, the company will provide them with the digital skills to lead the transformation and the organisation will be further simplified to be more agile and efficient. We shall foster an inclusive, client-oriented culture open to diversity. We want to empower leaders and young talents through global programs, and reward excellence and the ability to create value in a sustainable fashion over time. We expect Generali to rank among the insurers with the highest levels of employee engagement by 2021, and the stock program created for them, which we are asking you to approve today, is an example of this.

On sustainability, this concerns the strategic role we play in promoting the growth, development and well-being of modern communities. This is a wide-ranging challenge, reaching beyond environmental issues. All this is summed up in our Charter of Sustainability Commitments, approved by the Board of Directors in 2017.

With our new three-year strategy, Generali 2021, we have concentrated on a number of specific objectives that closely link sustainability to our core business, committing us to raise premium income from products of social and environmental importance and to increase sustainable investments; this process is already underway.

We have also continued to expand The Human Safety Net initiative launched by Generali a year ago and already operating in 18 countries to support the communities in which Generali operates, help combat significant inequalities and free the potential of the most vulnerable individuals and families. The Human Safety Net is not just charity: it is a movement of people that aims to involve everyone interested in taking part, starting with our colleagues. In fact, we recently launched our first voluntary projects.

On climate change, Generali is actively implementing the climate strategy it presented in 2018. Our objective is clear: to increase the Group's commitment to green sectors and to divest from carbon-related activities, with a concrete commitment on both the investment and the insurance fronts. In countries that are heavily dependent on coal, action has been taken to engage counterparts associated with the coal industry in line with the principles for a correct transition towards an economy with a low environmental impact.

Governance

Before I close, as I said, I want to acknowledge the work done by the Board of Directors now that we have reached the end of our term of office. First, thank you to the directors, who have guaranteed discussion that has been open, interesting, stimulating, incisive and useful.

The Assicurazioni Generali Board of Directors complies with national and international corporate governance best practice and is regarded as a benchmark, not only in the insurance field. Specifically, our governance model excels in terms of the professionalism, commitment and independence of our directors and the control functions that report to the Board. Furthermore, the Generali Board is seen as a role model in terms of size, gender diversity and the heterogeneity of its members' expertise and areas of competence.

Above all, I want to testify to the quality of the Board's human relations; while respecting people's different opinions, this has enabled us to work together well and effectively and to pursue the interests of the company and all its shareholders.

Conclusion

In conclusion, I want to use a maritime metaphor to sum up the course being followed by Generali and its outlook.

In the last few years, the Generali ship needed extraordinary maintenance work and a refit. This was carried out with a disciplined, rigorous approach, despite the difficult context, navigating waters that have become ever more stormy. The result is a more robust, faster and more modern ship. A ship that can count on a competent close-knit crew, led by a united and ambitious group of officers, and supported by shipowners – you, our shareholders and investors – who, like our founders here in Trieste almost two hundred years ago, see and support the promising horizon towards which the Generali ship is preparing to sail.

Thank you.