



# GENERALI GROUP 1Q 2016 Results

*The like for like change of written premiums, life net inflows, APE and NBV is on equivalent terms (on equivalent exchange rates and consolidation area).*

# Agenda

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# Agenda

- **Profit & Loss and Balance Sheet**

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Business review

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## Key 1Q 2016 financials at a glance

- **Operating Result:** Lower by 12.3%, mainly due to the decision to realise a lower level gains in current market conditions, compared to the relatively high level of last year. Strong technical performance in both Life and P&C
- **Net Result:** Follows the trend of the operating result (-13.8%)
- **Operating RoE:** Annualised operating RoE at 13.3%, securing the target of >13%
- **Shareholders' equity:** Up 5.8% from year end to Euro 24.9 bn, driven by a strong increase in the stock of unrealised gains (AFS reserves), and the result of the period
- **Solvency II ratio (internal model view):** At 188%, down from 202%, consistent with disclosed financial market sensitivities

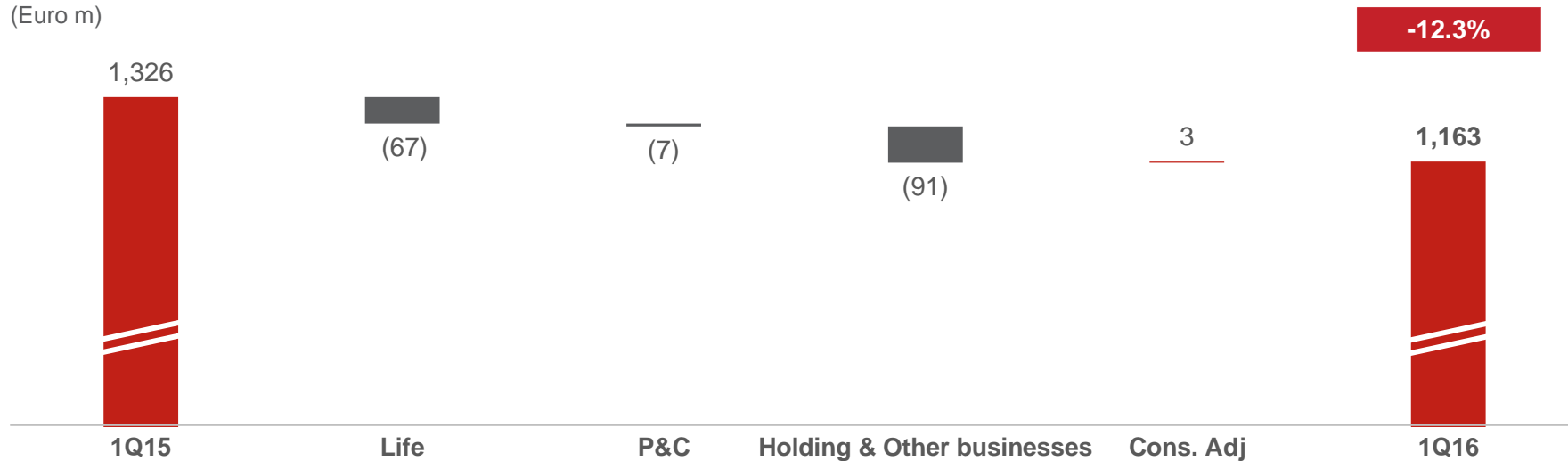
	1Q15	1Q16	Δ
Operating result (Euro m)	1,326	1,163	-12.3%
Operating RoE <sup>(1)</sup>	13.4%	13.3%	-0.1%pts
Net result (Euro m)	682	588	-13.8%
EPS (Euro)	0.44	0.38	-13.8%
Shareholders' equity <sup>(2)</sup>	23,565	24,924	+5.8%
Solvency II ratio (internal model view) (%) <sup>(2)</sup>	202%	188%	-14%pts.

(1) The annualized operating RoE is calculated on a rolling basis, as the sum of the last four quarter operating ROE ratios

(2) Comparative data FY15

# Operating result by segment

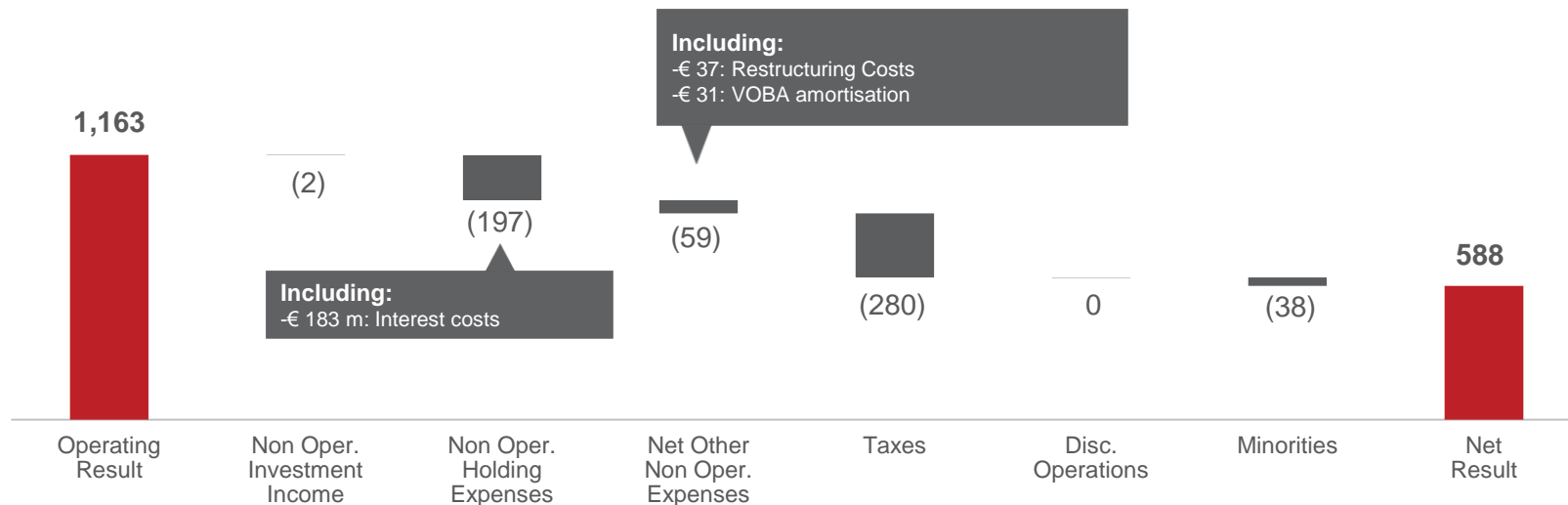
(Euro m)



1Q 16	756	498	(38)	(53)	1,163
1Q 15	823	505	54	(56)	1,326
Δ	-8.2%	-1.4%	n.m.	-5.6%	-12.3%

# From operating result to net profit

(Euro m)

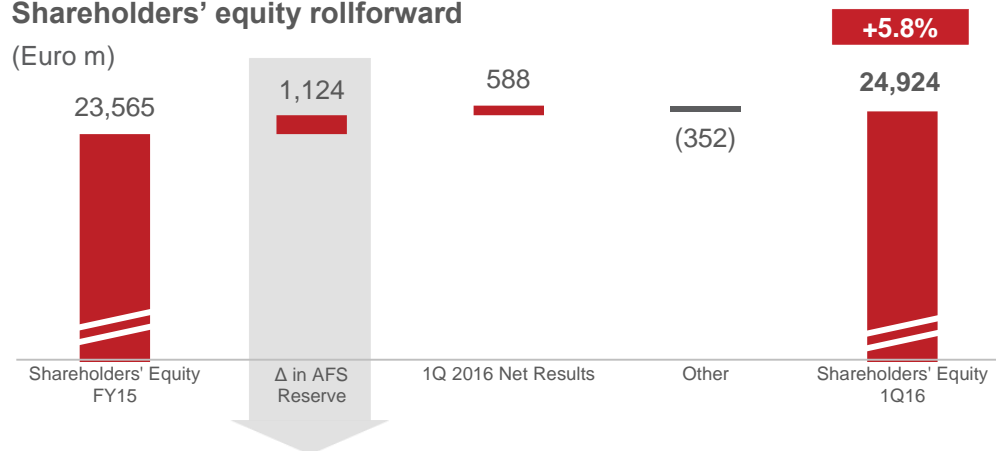


	1Q 16	1Q 15	Δ	1Q 16	1Q 15	Δ	1Q 16	1Q 15	Δ
Operating Result	1,163	1,326	-12.3%	(2)	140	n.m.	(197)	(187)	+5.3%
Non Oper. Investment Income	(2)	140	n.m.	(59)	(159)	-63.2%	(280)	(338)	-17.2%
Non Oper. Holding Expenses	(197)	(187)	+5.3%	(59)	(159)	-63.2%	-	(20)	n.m.
Net Other Non Oper. Expenses	(59)	(159)	-63.2%	(280)	(338)	-17.2%	(38)	(80)	-52.1%
Taxes	(280)	(338)	-17.2%	0	(20)	n.m.	588	682	-13.8%
Disc. Operations	0	(20)	n.m.	(38)	(80)	-52.1%			
Minorities	(38)	(80)	-52.1%						
Net Result	588	682	-13.8%						

# Shareholders' equity

## Shareholders' equity rollforward

(Euro m)



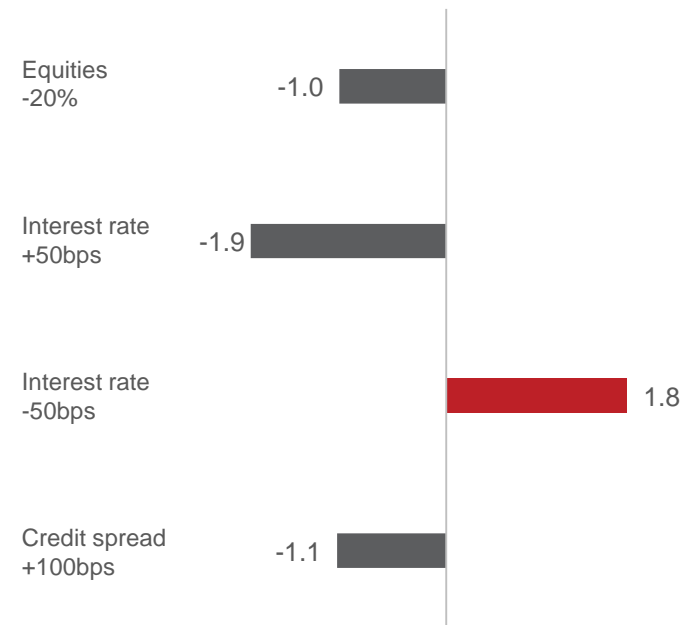
## Change in AFS reserve

(Euro m)



## Shareholders' equity sensitivities

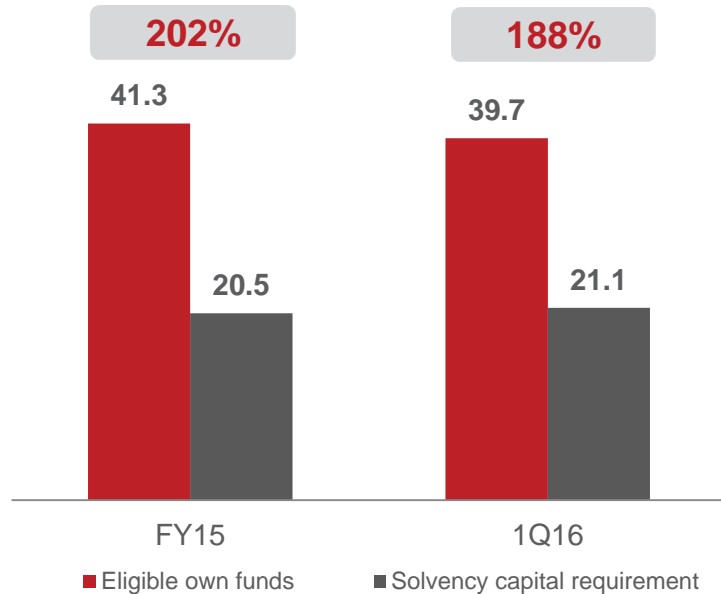
(Euro bn)



# Solvency II: Internal Model View

## Eligible own funds vs. Required capital

(Internal model view, Euro bn)



- The Group Economic Solvency ratio remains at strong levels despite the adverse economic scenario.
- Negative impact due to the decrease in interest rates, losses on equity values and increase in market volatilities is partially offset by the organic capital generation.
- Overall development in line with sensitivities presented at FY15
- Regulatory Solvency Ratio estimated at 161%



# Agenda

Profit & Loss and Balance Sheet

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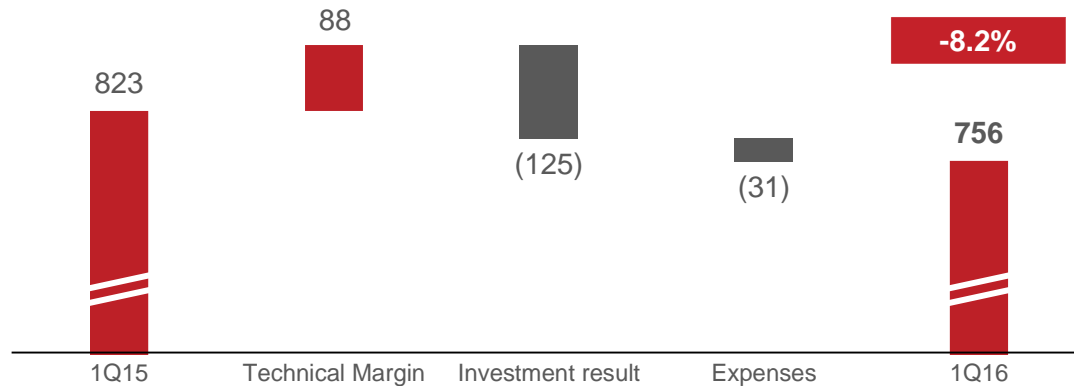
# Life key financial indicators

(Euro m)

	1Q15	1Q16	LFL $\Delta$
Gross written premiums	13,666	<b>13,430</b>	-1.3%
Net inflows	4,306	<b>4,546</b>	+6.4%
Life operating result	823	<b>756</b>	-8.2%
Life operating ratio on investments (bps)	21	<b>18</b>	-3
APE	1,429	<b>1,321</b>	-6.9%
New Business Value	322	<b>361</b>	+12.7%
Margin on APE (%)	22.5%	<b>27.3%</b>	+4.8%pts.

# Life Operating result by driver

(Euro m)



- Decreasing investment result due to lower net realized gains, down from the exceptionally high levels of 1Q15
- Improvement in technical margin, more than offsetting a slightly worse expense result

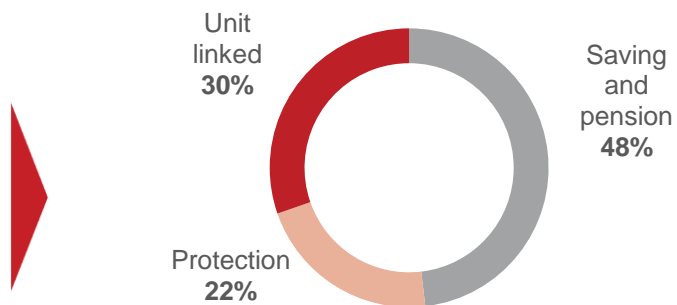
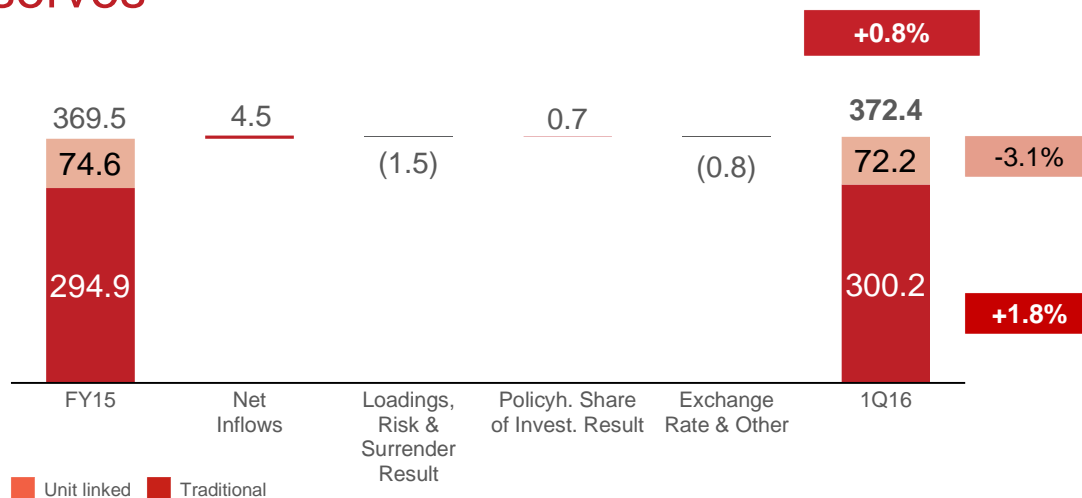
<b>1Q 16</b>	<b>1,473</b>	<b>554</b>	<b>(1,270)</b>
1Q 15	1,385	678	(1,240)
Δ %	+6.4%	-18.4%	+2.5%

# Life inflows and technical reserves<sup>(1)</sup>

(Euro m)

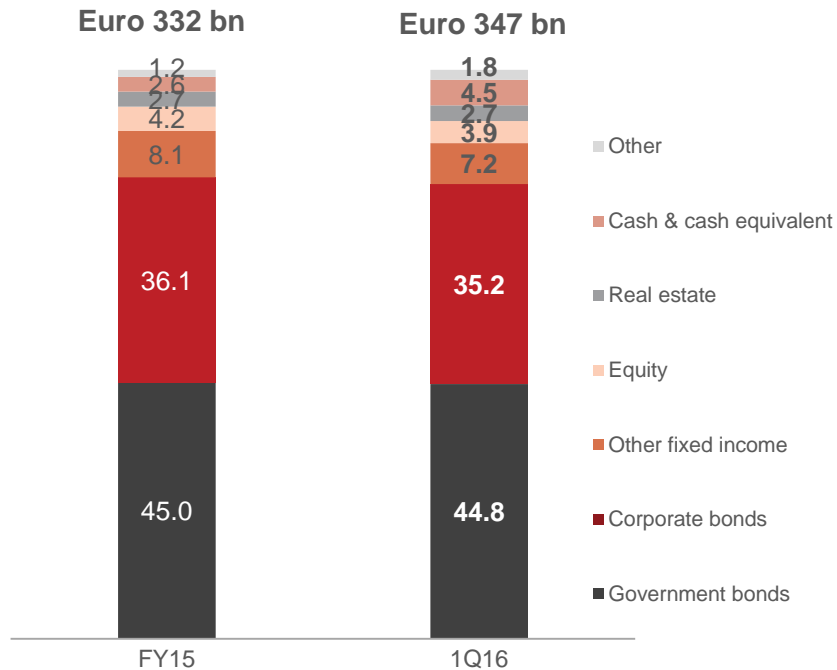
	1Q15	1Q16
Italy	2,143	2,418
France	208	151
Germany	1,064	742
CEE	74	161
EMEA	588	356
Americas	43	27
Asia	156	673
International	29	17
<b>TOTAL</b>	<b>4,306</b>	<b>4,546</b>

(1) Including liabilities related to investment contracts



# Life investment breakdown and performance

## Life segment general account (%)



## Current returns

		Euro m	%
Fixed income	1Q15	2,334	0.8%
	<b>1Q16</b>	<b>2,313</b>	<b>0.8%</b>
Equity	1Q15	30	0.2%
	<b>1Q16</b>	<b>145</b>	<b>1.1%</b>
Real Estate <sup>(1)</sup>	1Q15	153	1.5%
	<b>1Q16</b>	<b>150</b>	<b>1.6%</b>
Total <sup>(1)</sup>	1Q15	2,598	0.8%
	<b>1Q16</b>	<b>2,689</b>	<b>0.8%</b>

(1) Net of depreciation expenses

# Life new business analysis

- APE decline (-6.9%), mainly due to the uncertain market situation, resulting in a decrease of 22.8% of unit linked business and almost stable saving business (-0.8%). Protection business decreases by -4.8%.
- Strong improvement of NBM<sup>(1)</sup> (+4.8%pts.) driven by Euro area with lower guarantees and improved financial conditions (based on beginning of period market levels). Asia suffers from a worsened financial situation.
- Further marked reduction of the level of guarantees (in Euro area from 0.60% at FY15 to 0.46% at 1Q16).

(Euro m)	APE			NBV			MARGIN ON APE		
	1Q15	1Q16	LFL Δ	1Q15	1Q16	LFL Δ	1Q15	1Q16	LFL Δ
Italy	590	590	+0.0%	167	195	+17.1%	28.3%	33.1%	+4.8%pts.
France	303	238	-21.6%	30	43	+45.4%	9.9%	18.3%	+8.4%pts.
Germany	238	186	-21.8%	57	70	+23.7%	23.8%	37.7%	+13.9%pts.
CEE	42	36	-13.5%	11	11	-0.8%	27.3%	31.8%	+4.1%pts.
EMEA	185	147	-20.1%	46	44	-3.2%	24.8%	29.9%	+5.2%pts.
Americas & Asia	72	126	+96.2%	11	-3	-131.4%	15.5%	-2.5%	-18.3%pts.
<b>TOTAL</b>	<b>1,429</b>	<b>1,321</b>	<b>-6.9%</b>	<b>322</b>	<b>361</b>	<b>+12.7%</b>	<b>22.5%</b>	<b>27.3%</b>	<b>+4.8%pts.</b>

(1) Starting from 2016 the New Business methodology has been aligned with Solvency II framework in term of reference rate and Required Capital. This change has a positive impact on NBM (+0.9%).

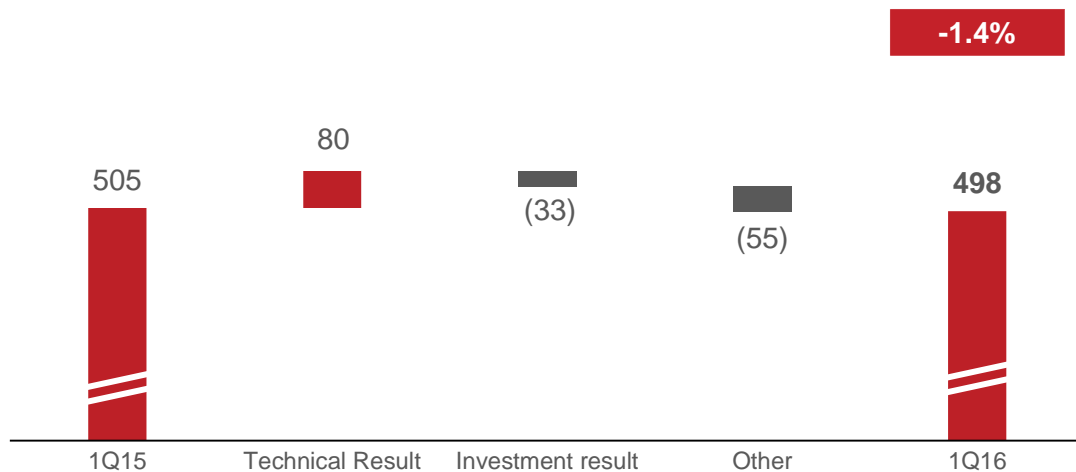
# P&C key financial Indicators

(Euro m)

	1Q15	1Q16	LFL $\Delta$
<b>Gross written premiums, of which:</b>	6,483	<b>6,311</b>	-0.6%
Primary Motor	2,671	<b>2,531</b>	-0.9%
Primary Non Motor	3,624	<b>3,597</b>	-0.3%
<b>Combined ratio (%)</b>	93.3%	<b>92.0%</b>	-1.3%pts.
<b>Nat Cat impact (%)</b>	1.9%	<b>0.0%</b>	-1.9%pts.
<b>P&amp;C operating result</b>	505	<b>498</b>	-1.4%

# P&C Operating result by driver

(Euro m)



- Excellent technical performance thanks to the decline of the combined ratio to 92.0% (-1.3%pts.)
- Decrease the investment result due to lower interest rate environment
- Other component decreasing mainly due to some non-recurring positive effects in 1Q 15

<b>1Q 16</b>	<b>369</b>	<b>201</b>	<b>(72)</b>
1Q 15	288	234	(18)
Δ %	+27.9%	-14.0%	n.m.



# P&C gross written premiums trends

(Euro m)

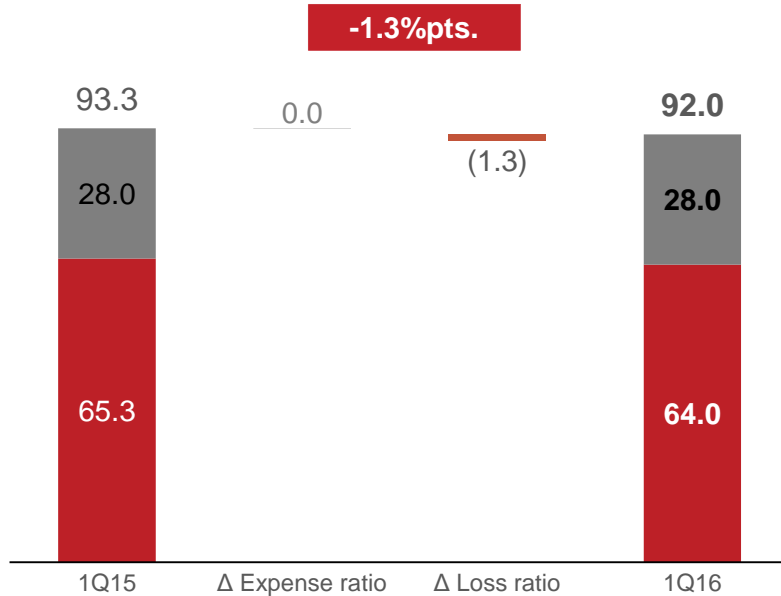
	1Q15	1Q16	LFL $\Delta$
Italy	1,407	1,319	-6.2%
France	834	819	-1.7%
Germany	1,447	1,423	-1.7%
CEE	526	531	+0.9%
EMEA	1,638	1,678	+3.2%
Americas	318	231	+9.9%
Asia	33	40	+23.1%
International	281	269	-4.1%
<b>Total</b>	<b>6,483</b>	<b>6,311</b>	<b>-0.6%</b>

## Overall flat premiums (-0.6%)

- **Italy** declines -6.2% mainly driven by Motor (-11.0%, due to the exit of some large fleet contracts). Non Motor decreases -3.4% due to both Accident & Health (-2.7%) and SMEs (-3.8%)
- -1.7% decline in **France**, mainly driven by soft market conditions in Commercial
- **Germany** declines -1.7%, driven by both Motor (-1.7%, reflecting ongoing shift in renewal dates, expected to level off during the year) and Non Motor (-1.5%, due to portfolio pruning activities)
- **CEE** grows +0.9%, with positive Motor (+2.9%) more than offsetting Non Motor (-1.9%)
- **EMEA** grows +3.2%, driven mainly by good performance in Spain (+10.2%, due to both Motor and Non Motor)

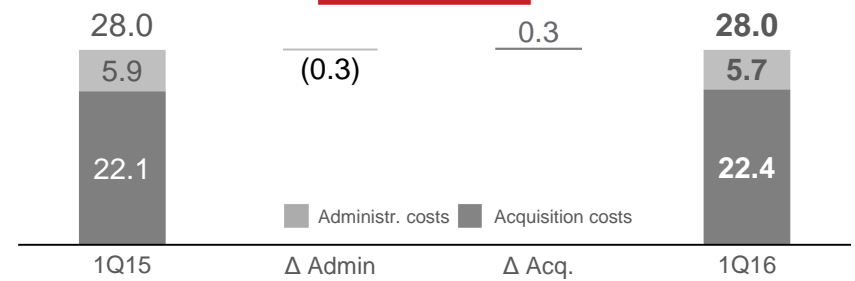
# Combined ratio analysis

## Combined ratio (%)



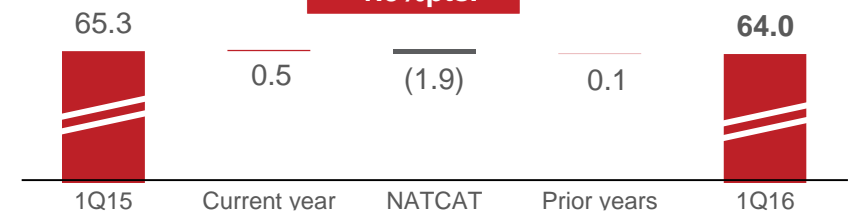
■ Expense ratio ■ Loss ratio

## Expense ratio (%)



■ Administr. costs ■ Acquisition costs

## Loss ratio (%)



1Q 16	68.0	0.0	-4.1	64.0
1Q 15	67.5	1.9	-4.2	65.3

# Combined ratio by country

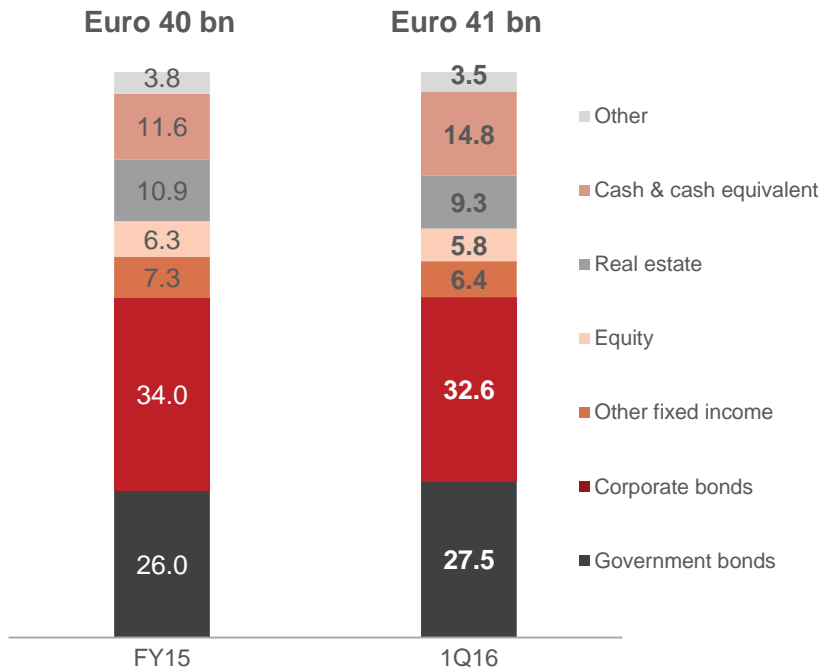
(%)

	1Q15	1Q16	LFL $\Delta$
Italy	89.3%	88.7%	-0.6%pts.
France	100.3%	99.7%	-0.5%pts.
Germany	93.8%	90.4%	-3.5%pts.
CEE	83.7%	89.7%	+6.0%pts.
EMEA	95.0%	94.3%	-0.7%pts.
Americas	106.4%	98.7%	-7.8%pts.
Asia	112.7%	112.2%	-0.5%pts.
International Operations	88.5%	86.7%	-1.8%pts.
<b>Total</b>	<b>93.3%</b>	<b>92.0%</b>	<b>-1.3%pts.</b>

- Combined ratio in **Italy** further improves, mainly thanks to the absence of Nat Cat events (in 1Q15 the impact was 2.6%pts.)
- Positive development in **France** (-0.5%pts.) mainly driven by the successful portfolio restructuring
- Strong improvement in **Germany**, mainly thanks to the absence of Nat Cat events (in 1Q15 the impact was 5.9%pts.) and lower expenses
- Combined ratio increase in **CEE** mainly due to negative market developments in Polish Motor market, though still at excellent levels
- Strong improvement in **Americas** mainly thanks to actions taken to restore profitability in Brazil

# P&C investment breakdown and performance

## P&C segment general account (%)



## Current returns

		Euro m	%
Fixed income	1Q15	199	0.8%
	<b>1Q16</b>	<b>195</b>	<b>0.7%</b>
Equity	1Q15	14	0.4%
	<b>1Q16</b>	<b>7</b>	<b>0.3%</b>
Real Estate <sup>(1)</sup>	1Q15	65	1.5%
	<b>1Q16</b>	<b>57</b>	<b>1.4%</b>
Total <sup>(1)</sup>	1Q15	301	0.8%
	<b>1Q16</b>	<b>264</b>	<b>0.7%</b>

(1) Net of depreciation expenses

# Focus on Holding & Other businesses segment

(Euro m)

	1Q15	1Q16	△
Financial	149	89	-40.5%
<i>of which Banca Generali<sup>(1)</sup></i>	115	40	-65.6%
Operating holding expenses	(116)	(111)	-3.8%
Other businesses <sup>(2)</sup>	21	(15)	n.m.
<b>Total</b>	<b>54</b>	<b>(38)</b>	<b>n.m.</b>

(1) Banca Generali's operating contribution as per Generali's view

(2) Including pure financial holdings, international service activities and any other non-core businesses

## Final remarks



- **Sound results despite the challenging operating environment**



- **Resolute focus on technical profitability continues**



- **Solvency remains very comfortable despite the worse financial market conditions, at 188%**



- **Committed to delivering on our promise of attractive returns for shareholders**

# Agenda

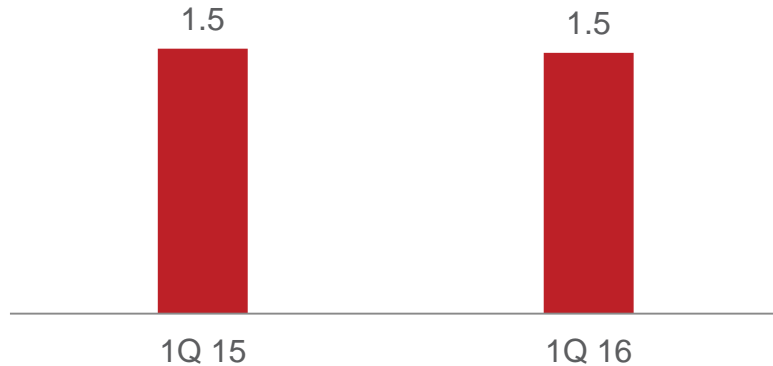
## III. Backup

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# 1Q16 Cost development

## Group operating expense development (OpEx view)

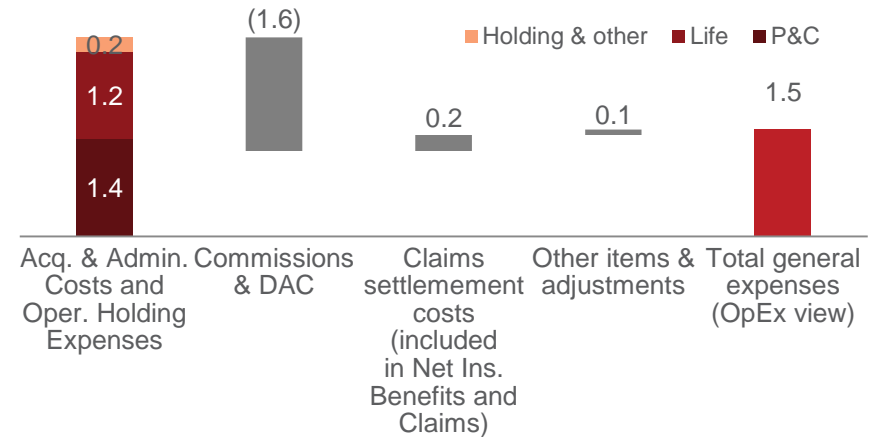
(Euro bn)



- Overall costs substantially flat vs previous year and in line with target

## Reconciliation of general expenses from IFRS view to OpEx view

(1Q16, Euro bn)



Acquisition & Admin costs and Oper. Holding expenses, accounting view (per segmental operating profit analysis)

Adjustments from accounting view

Adjusted general expense base (OpEx view)





# Agenda

## III. Backup

Cost page **24**

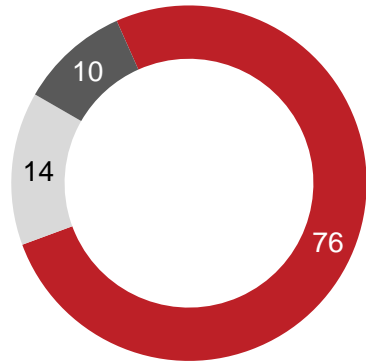
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# Assets under management

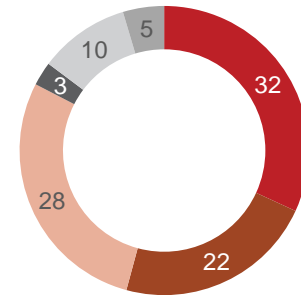
**Total Portfolio: Euro 519 bn**  
(%)

- General account
- Unit Linked
- Third parties AUM



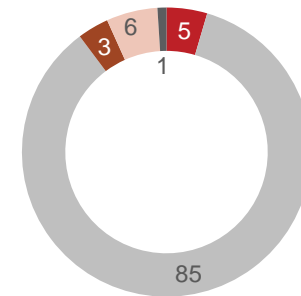
**Breakdown by region and asset class**  
(%)

By Region



- Italy
- France
- Germany
- CEE
- EMEA
- RoW and other operations

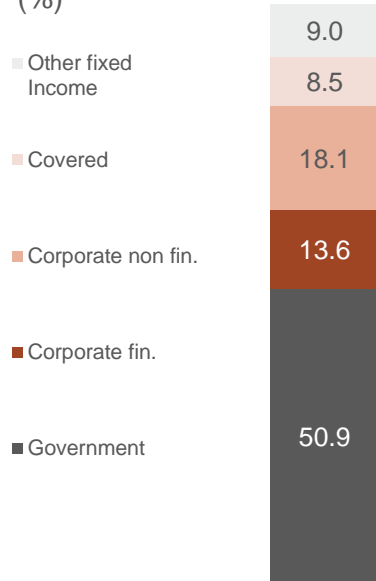
By Asset Class



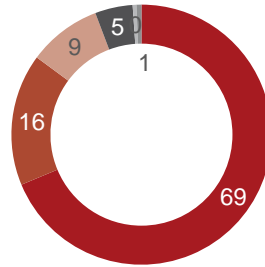
- Equity
- Fixed income
- Real estate
- Cash & Cash Equivalent
- Other

# Fixed Income Portfolio

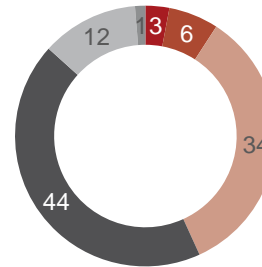
## Total Portfolio Euro 334 bn (%)



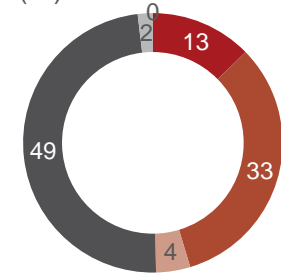
## Covered Euro 28 bn (%)



## Corporate Euro 106 bn (%)



## Government Euro 170 bn<sup>(1)</sup> (%)



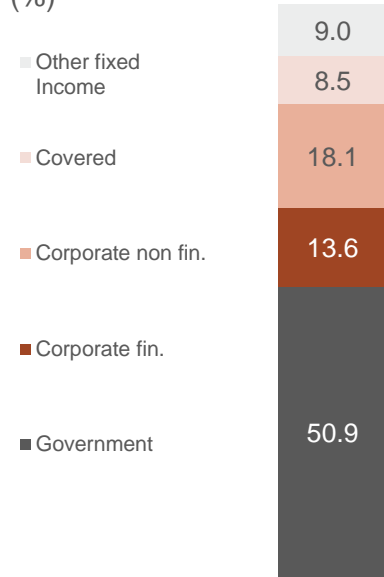
■ AAA ■ AA ■ A ■ BBB ■ Not Investment Grade ■ Not Rated

Bond duration	FY15	1Q16
Life	8.0	8.3
P&C	5.0	5.0

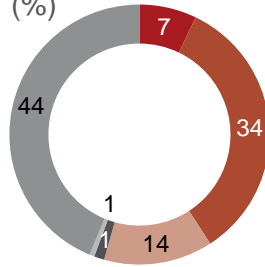
(1) Italian government bond exposure is 81% of BBB

# Fixed Income Portfolio by country

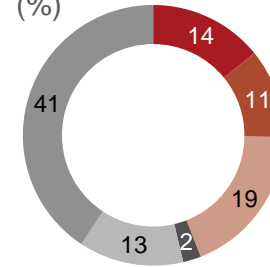
**Total Portfolio**  
Euro 334 bn  
(%)



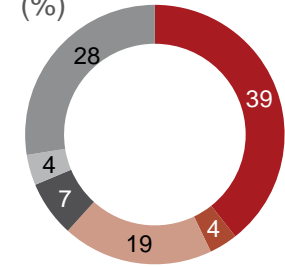
**Covered**  
Euro 28 bn  
(%)



**Corporate**  
Euro 106 bn  
(%)



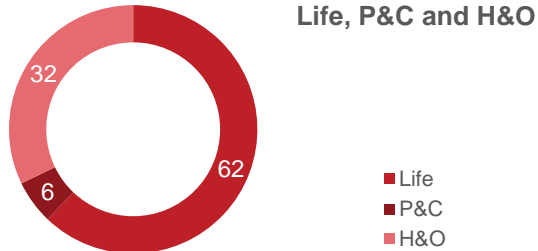
**Government**  
Euro 170 bn  
(%)



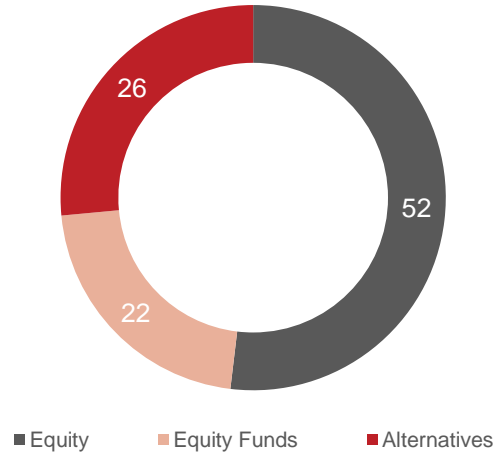
■ Italy ■ Germany ■ France ■ CEE ■ USA ■ Other

# Equity & Equity-like

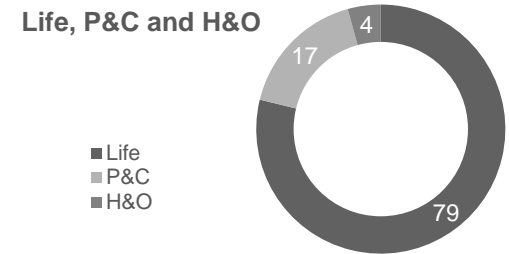
**Alternative funds: Euro 5 bn**  
(%)



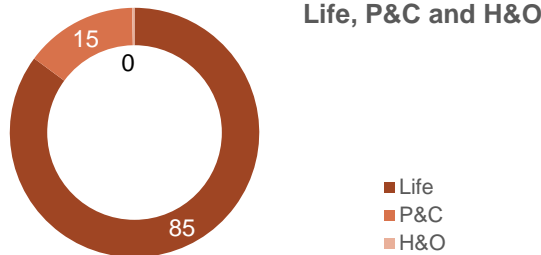
**Total Portfolio: Euro 18 bn**  
(%)



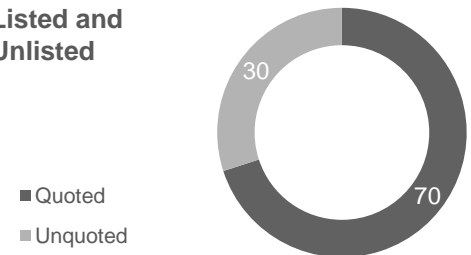
**Equity: Euro 9 bn**  
(%)



**Equity funds: Euro 4 bn**  
(%)



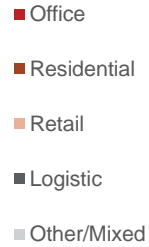
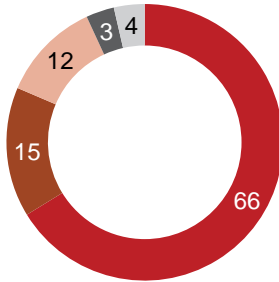
**Listed and Unlisted**



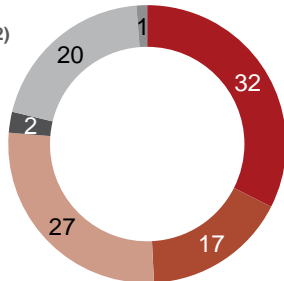
# Asset Allocation: Real Estate

## Total Portfolio: Euro 24 bn<sup>(1)</sup>

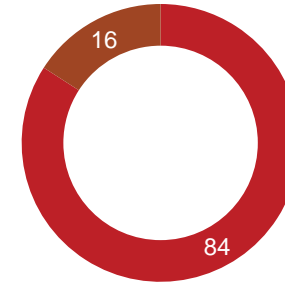
### Breakdown by use<sup>(2)</sup> (%)



### Breakdown by country<sup>(2)</sup> (%)



### Breakdown by utilization<sup>(2)</sup> (%)



(1) Data, at fair value, includes investment properties, own use assets, indirect investments and properties inventory

(2) Detail, referred to direct investments in real estate only



# Agenda

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Investments page **26**

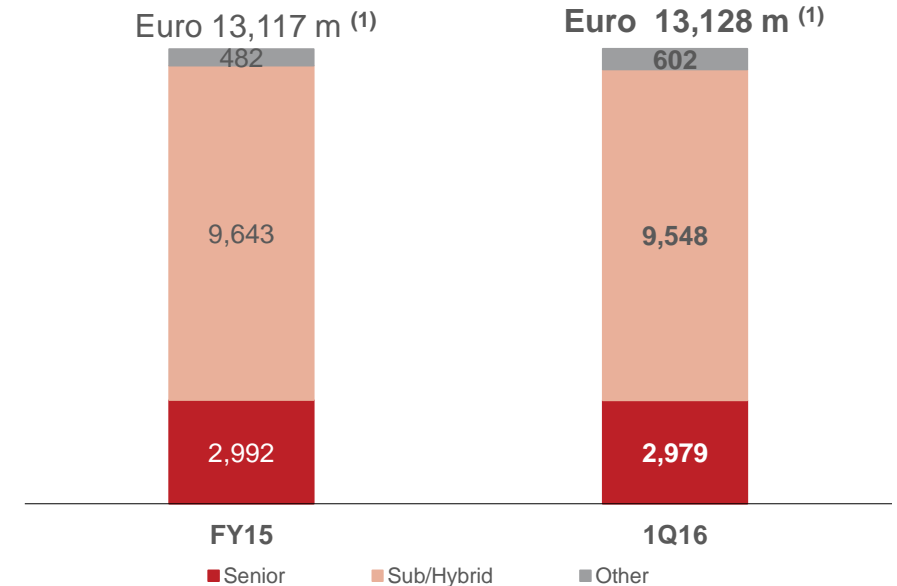
• **Financial debt** page **32**

# Focus on financial debt

## Average cost & maturity of financial debt (%)

	FY15	1Q16
<b>Average cost (%)</b>	5.65%	<b>5.66%</b>
Subordinated/Hybrid	6.13%	<b>6.14%</b>
Senior	4.21%	<b>4.17%</b>
<b>Average maturity (years)</b>	6.68	<b>6.43</b>

## Total financial debt (Euro bn)

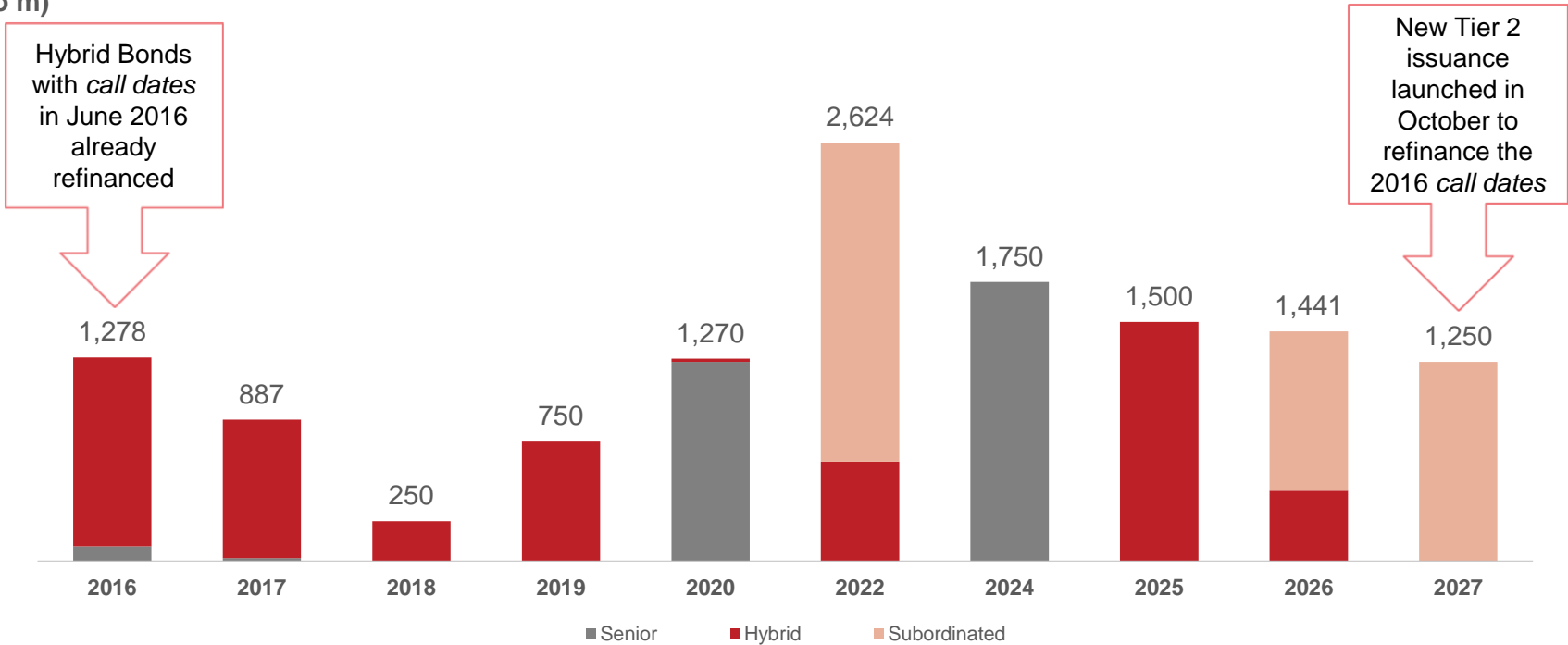


(1) The amounts of financial debt includes the subordinated bond issued in October 2015, for a nominal amount of Euro 1.25 bn, to refinance June 2016 callable hybrid bonds



# Financial debt breakdown by expiry date/call date

(Euro m)



# Disclaimer

Certain of the statements contained herein are statements of future expectations and other forward-looking statements.

These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

Neither **Assicurazioni Generali SpA** nor any of its affiliates, directors, officers employees or agents owe any duty of care towards any user of the information provided herein nor any obligation to update any forward-looking information contained in this document.

The manager charged with preparing the company's financial reports, Alberto Minali, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Financial Intermediation, that the accounting information contained in this presentation corresponds to document results, books and accounts records.

## Next Events

29 July 2016  
**1H 2016 results reporting**

10 November 2016  
**9M 2016 results reporting**

23 November 2016  
**Investor Day**



2016

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**Thank you**



# **GENERALI GROUP**

## **1Q 2016 Results**