

**Speech of the Managing Director and GROUP CEO
Philippe Donnet**

Thank you, Mr Chairman and good morning to all of you.

I'm very proud to attend this Shareholders' Meeting of Assicurazioni Generali as Managing Director. I'm very honoured and I have a great responsibility before the Shareholders, tens of millions of insureds, distribution networks and over 80.000 employees.

I wish to thank the Board of Directors which appointed to me lead this organisation together with the General Manager, Alberto Minali. I'm very glad I've been working with him over the past 3 years. I took office a month ago, on 17 March. It's been very intense and daunting since the very beginning and substantial actions had to be implemented.

It was just a month ago and I'd like to take this opportunity to debate three points: the insurance market, the Group positioning and the journey for the next few years.

First of all, I will briefly introduce myself for those who do not know me. My career has always been in the insurance industry and I have always dealt with major challenges in hardly favourable and complex economic scenarios in Europe and at global level. For instance, I was managing director in a company in life business in Japan in the mid 2000's in a very low inflation and performance economic scenario. This experience, that a very few Western managers have, is particularly useful to raise to the challenge of the current European economic and financial outlook. I also wish to point out my latest role in the integration of Generali in Italy. Together with the Italian team, a comprehensive restructuring has been achieved at national level. In 3 years only, the number of companies has been decreased from 9 to 3. Over 10 million policies have been migrated efficiently. Over 100 IT systems have been phased out. And the signs of at least 3.000 points of sale have been replaced to provide the same brand to all agents, integrating the history and the heritage of the old companies. However, the real success was the completion of this transformation in a short time, achieving a higher level of customer, network and employee satisfaction with growing profits. I'm also very satisfied with the team that, in spite of difficult times and some pressure, has increased cohesion and the ability to work together transparently and honestly.

Now we are facing a new challenge and I will cover my first point: the insurance market. Assicurazioni Generali is a great company with a sound strategy that, however, will be implemented in a complex macro-economic and financial scenario that is becoming increasingly complicated:

- the real economy remains weak, the estimated GDP rate in 2016 has been revised from 1,6% to 1,5% in the Euro area. At the same time, unemployment, poverty and aging rates remain worrying;
- the financial market has been frequently disrupted and volatile, resulting into value losses:
 - a. the share market is struggling; in the first quarter of 2016 only, the loss rate of the Italian share market has been equal to about 13%, the loss rate of the European market has been equal to 6%;
 - b. interest rates are at their lower peak ever, Italian 10Y State bonds have gone down from 224 bsp at the end of June 2015 to 122 bsp at the end of March 2016, i.e. a drop of 45%; at the same time the performance of the German 10Y bund have gone down to 16 bsp, i.e. a decrease of 80%;
- regulations have become increasingly stringent. In January 2016, the Solvency 2 model was introduced, but further actions are expected soon with the introduction of new standards and requirements. This is resulting into more management complexity and additional costs.

This is true for the whole insurance industry and it must not be a source of excessive worries, as we do have major strong point to leverage. And I come to my second point: the Group positioning in this market. In this scenario, we need to fully exploit Generali distinguishing features:

- a history of 185 years;
- a powerful brand, which is well-known and distinguishable at global level;
- the Group is deeply rooted in Europe, but it also operates at global level;
- focus on its core business: insurance;
- the customer-centric approach has been enhanced in recent years; customer satisfaction has been measured and dissatisfied customers have been called to take action on what had gone wrong in the processes. For instance, in France, one of the first countries where the "Net Promoter Score" project was launched, in 2015 only we sent out over 100.000 survey and called, one by one, over 2.000 dissatisfied customers;
- an increasingly effective network support has been introduced; in Generali Italia, 50% of agencies is equipped with a Facebook page and over 1.100 agency Web sites to improve contacts with customers. But there are also other examples, in Alleanza we are equipping the network with 3.000 tablets; the process will be completed by the end of 2016.

We have developed and are still developing innovative projects:

- in the Motor sector, currently in Italy we have over 1 million policies with black boxes, resulting into more sophisticated rates and in line with the customer risk profile. These data are collected in a big data platform that has been growing at the pace of 30 million records a month. We also acquired My Drive in the UK, a start-up with a technology solution analysing the driver behaviours and the relevant context to further

customise the risk evaluation on the basis of driving skills. Last, but not the least, we have a partnership with Nissan through Genertel, with discounts for customers depending on safety equipment installed in their cars;

- in Non-motor sector, the constant development of domotics is resulting into increasingly interesting scenarios to protect households and homes and to exploit, with our partners, selling complementary products/services. Besides the initiative with Cosmos Direct and Devolo that the Chairman has mentioned and which is already generating good results with about 600 items a month, we are also working in Spain with Europ Assistance and a local start-up (Wattio); we have developed "we home", the first product in the Spanish market that allows customers to monitor their houses remotely with their smartphones and activate a network of services and assistance in real time;
- in Life business and health, we launched "Vitality" project, the first project in the European insurance industry aiming at improving the lifestyle of our customers. The project leverages on a network of 15 partners in the sport, nutrition and healthcare sectors. Vitality will reward the customers who will improve their lifestyle with a reduction of the insurance rates and with commercial advantages. We will start in Germany in July and we are working to launch it in France by the end of the year and after that in other European markets.

Initiatives on customers, networks and actions we are launching on individual business lines have a single objective: interactions with customers, the network and the Company must be smoother and more in line with standards that other more innovative industries are imposing in the market. For instance, with electronic tickets, I can travel from Trieste by train or by plane without having to print any ticket and keeping everything on my smartphone. What railway or air companies can do, we can do it too.

And I come to my third point. The imminent challenges that the Group must face require an accurate journey:

- an increased technical and management discipline to achieve operating excellence, that means being better insurers with lower costs. We need to improve and outperform competitors;
- increased innovation capacity, we need to focus investments, multiplying their impact and accelerate transformation in a context of prosperity and success, not only in terms of number but also for people.

To achieve this objective, our business model and our working methods need to change. Our products and services must be more effective and efficient in responding, they must be able to adapt quickly and in real time to different scenarios.

We have many challenges ahead of us, but I strongly believe that we are able to raise to them and win. We need to measure up to the mid-long term to guarantee sound and durable results, but also focussing on daily work to achieve short term returns.

To achieve these challenging objectives, we need to focus on all our stakeholders, we need to:

- preserve the relations based on trust, transparency and cooperation with all Shareholders in line with the traditions and the previous management so that they will continue to trust us, also with a proper remuneration of the invested capital;
- strengthen relations with distribution network, especially with agents that have a central role to offer customer a superior experience in their relations with the Company;
- reinforce a strong and loyal commitment with our executive and staff, who, together with us, with quality and professional skills, contribute to achieve our objectives.

We need to be determined and aware of the responsibility that each one of us has in supporting Generali traditions, with its two centuries of history. Thus, in 200 years, Generali will continue to thrive in your interest and in the interest of all our stakeholders.

We will transform Generali in a leaner, more connected, more customer-centric and agent-centric group with an innovative structure to the Shareholders' benefit. It's an ambitious and exciting objective, requiring substantial common efforts. As I see the motivation and the passion of all our staff in their daily work, I strongly believe that we will be able to compete with the best insurers and outperform them.

Now, I give the floor to Alberto Minali for a detailed analysis of the financial performance in 2015.

Thank you for your attention