



08/01/2013

**PRESS  
RELEASE**

## Generali and PPF Group agree to terminate the partnership in Central and Eastern Europe

- Generali to purchase 49% of GPH from PPF Group for € 2.5 bln to take full control of joint venture
- The acquisition will be a two-stage transaction with 25% of GPH being purchased by 28 March 2013 and the outstanding 24% at the end of 2014
- PPF Group to acquire GPH consumer finance insurance business in CIS countries for € 80 mln
- No-cash equity swap: Generali to increase its stake in Ingosstrakh to 38.5% by acquisition of all shares in PPF Beta; PPF Group to gain full control of the PPF Partners private equity business

**Generali Group CEO Mario Greco** said: *“This transaction eliminates all uncertainty over our development strategy in Central and Eastern Europe and the resources required from the Group to put it in place. Today we are one of the leading players in a high-growth area. With full control of GPH, we shall be able to take full advantage of our investment and focus on developing our core insurance business while improving competitiveness and profitability.”*

Trieste – Generali and PPF Group have reached an agreement setting out the conditions for the resolution of the GPH joint venture and transferring full ownership and management control to Generali.

Generali, which already holds 51% of GPH, is to purchase in two stages the remaining 49% of share capital from PPF Group N.V. for a consideration that has been fixed at € 2,521 million. At the same time, GPH will sell to PPF Group its insurance operations in Russia, Ukraine, Belarus and Kazakhstan, in consumer finance insurance for € 80 million.

GPH is one of the largest insurers in the Central and East European market, with a leadership position in many of the 14 countries in which it operates. Since the creation of GPH, gross premiums in the CEE area have risen to € 4 billion (end 2011) from approximately € 1 billion (end 2007), while the number of clients has increased from 4 million to 14 million. The CEE region has become the Group's fourth market after Italy, France and Germany. GPH has confirmed to be one of the most profitable insurers in the CEE region, having registered the best combined ratio among the main competitors in the P&C sector since its inception in 2008.

The transaction will also include a no-cash equity swap with the Generali Group acquiring from PPF Investments its stake in PPF Beta, which indirectly holds a 38.46% interest in the Russian insurer Ingosstrakh, while PPF Group will acquire the 27.5% interest held by the Generali Group in the PPF Partners fund manager, run by PPF, and the PPF Partners 1 Fund L.P. shares held by the Generali Group.

### CONTACTS

[www.generali.com](http://www.generali.com)

Media Relations  
T. +39.040.671085  
[press@generali.com](mailto:press@generali.com)

Investor Relations  
T. +39.040.671202  
+39.040.671347  
[generali\\_ir@generali.com](mailto:generali_ir@generali.com)

## TERMS OF THE NEW AGREEMENTS

Under the new agreements, the total consideration definitively agreed for the purchase of 49% of Generali PPF is € 2,520,560,000. Consequently, the previously agreed right of PPF to the higher price between the fair market value of its interest and the minimum price no longer applies.

The acquisition will be a two-stage transaction:

- by 28 March 2013, Generali will acquire 25% of the shares in GPH from PPF Group, for a price of € 1,286,000,000.  
The amount will be used to reimburse around 51% of the € 400 million bond underwritten by the Generali Group and issued by a PPF Group subsidiary in 2009 and 51% of the loan for about € 2.1 billion granted to PPF Group in 2007 by a pool of lender banks.  
The net consideration payable by Generali will amount to around € 1.1 billion.  
Generali already owns the resources needed to purchase the first tranche, in part as a result of the € 1.25 billion subordinated bond issued on 5 December 2012. By using the proceeds from this bond, Generali's Solvency ratios and financial leverage will remain unchanged.
- Around 31 December 2014, Generali will have the right to purchase – by exercising a call option – the outstanding 24% of GPH for € 1,234,560,000. At the same time, the residual amounts due on the bond and the loan will be reimbursed. The agreements entitle PPF and, in turn, its lender banks, to a put option on the abovementioned share. Should this be the case, the agreements provide for an alternative exit that gives Generali Group the right to opt for an auction in lieu of the purchase. Nonetheless, the payment to be received by PPF Group for the second tranche remains fixed and will not be affected by the outcome of any auction.

Generali will take full management control of GPH with the right to appoint executives at closing of the first tranche. As a minority shareholder, PPF Group will have the right to appoint two of the eight directors on the board of GPH until the end of 2014, compared with its current equal representation. A series of preventive disclosure mechanisms typically granted to minority shareholders has also been agreed. The agreement also provides for GPH to pay the shareholders 66% of profits during the period between 2013 financial report's approval and the end of the shareholders' agreement.

Goldman Sachs International acted as financial advisor to Generali in this transaction.

The entire transaction is subject to the approval of the relevant authorities.

## RELATED PARTIES

Pursuant to the requirements of art. 6 of Consob Regulation 17221 of 12 March 2010 it is hereby specified that:

- PPF Group is a related party of the Generali Group by virtue of the fact that Mr Petr Kellner, the controlling shareholder of PPF Group, is a member of the Board of Directors of Assicurazioni Generali S.p.A.;
- the transaction as a whole exceeds the significance thresholds indicated in art. 4, paragraph 1, head a) of the Regulation;
- by 14 January 2013 Generali will publish an informative document drawn up in compliance with the model defined by Consob for transactions with related parties;
- Generali has not taken up the exclusions as per articles 13 and 14 of the Regulation.

The Committee responsible for assessing transactions with related parties has unanimously voted in favour of the transactions in compliance with the indications of the procedure adopted by the company and available on the website ([www.generali.com](http://www.generali.com)) under the section "Governance".

#### **THE GENERALI GROUP**

**The Generali Group is one of Europe's largest insurance providers and the biggest European life insurer, with 2011 total premium income of almost € 70 billion.**

**With 82,000 employees worldwide and 65 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Central-Eastern Europe and Asia**

#### **Note to editors:**

**A conference call will be held at 8:45 a.m. CET with the Group CEO, Mario Greco, and the Group CFO, Alberto Minali. To follow the call, please dial +39 02 8058827 (listen only).**